



OFFICE OF THE GOVERNOR

STATE OF MISSOURI
JEFFERSON CITY
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MATT BLUNT
GOVERNOR

ROOM 216
STATE CAPITOL
65101

January 11, 2006

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

In 2005, I worked with you to move Missouri in a new direction. We have reduced the size of state government by increasing efficiencies and redirecting available resources, and we have enacted a strong package of pro-jobs legislation. As a result of these steps and the job growth that resulted from improvements to the entrepreneurial climate, I am again presenting a balanced budget that does not rely on an increase in job-killing taxes. We have made tough decisions to focus the resources entrusted to us on the core functions and top priorities of state government: education, economic growth and quality jobs, healthcare for children, expectant mothers, seniors and disabled adults, state highway improvements and new construction, energy conservation, life sciences, public safety, agriculture, and service to our veterans.

With my Fiscal Year 2007 budget, our schools will receive full funding for the first year of the new school foundation formula – a good formula that is sensible, equitable and based on students' needs. We also recognize that higher education is an investment and in my budget for next year our two- and four-year public colleges and universities will receive a substantial increase.

As we have moved in a new direction, we have made state government a catalyst for job creation, not a free-spending, tax increasing burden that stifles that growth. Our economy is responding to my administration's pro-jobs, pro-growth policies. On average, we have seen the creation of over 500 new jobs a week since this time last year. My budget will continue our efforts to retrain existing workers, retain jobs in our state, and sell the benefits of doing business in Missouri.

We have an obligation to provide a safety net and assistance for the less fortunate. That is why my budget asks for \$275 million additional state dollars for our state's improved Medicaid program. I am directing resources to child care and to allow our seniors the ability to stay in their homes if they so desire. I am also recommending funding for a new Healthcare Technology Fund to explore ways to reduce administrative burdens, eliminate waste and fraud and improve the quality of care by modernizing Missouri's healthcare delivery system.

The budget I submit to you is built around my belief that our state government, like our families and our businesses, must live within its means. This budget rededicates state government to the noble idea that it should function as an innovative, efficient, and conscientious servant of the people. I look forward to working with all of you to enact the Fiscal Year 2007 budget and needed legislative initiatives.

Sincerely,

A handwritten signature in black ink that reads "Matt Blunt".

Matt Blunt

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The State of Missouri makes every effort to provide program accessibility to all citizens without regard to disability. If you would like a copy of this publication or The Missouri Budget for Fiscal Year 2007 in alternate form because of a disability, please contact the Office of Administration, Division of Budget and Planning, Post Office Box 809, Jefferson City, Missouri 65102; phone (573) 751-2345. Hearing-impaired citizens may contact the Division by phone through Missouri Relay (800-735-2966).

Missouri Policy Summary is also available on the Internet. The address is <http://www.oa.mo.gov/bp/bib2007>.

Executive Summary

Governor Matt Blunt's Fiscal Year 2007 Budget

To make education the state's number one priority, Governor Blunt recommends:

- \$137.2 million increase for the foundation formula, including \$15 million for the new Small Schools Program.
- \$6.1 million for the state's High Need Fund.
- \$1.8 million increase for the A+ Schools Program.
- \$1 million increase for the Parents as Teachers Program.
- \$33,006 for a children's summer reading program.
- \$17.1 million increase for Missouri's public two- and four-year colleges and universities.

For Missouri's children, Governor Blunt recommends:

- \$146.3 million for Missouri's State Children's Health Insurance Program, which includes a \$10.4 million increase.
- \$200,000 for youth mentoring through Amachi mentoring programs.
- \$1 million for the Department of Health and Senior Services to institute a new tobacco prevention program. The \$1 million comes from the Healthy Family Trust Fund -Tobacco Prevention Account, which receives its money from the tobacco Master Settlement Agreement and any future settlements from additional participating tobacco companies.
- \$493,864 to help reduce Missouri's youth suicide rates through increased awareness, education, intervention, and evaluation.
- \$276,750 to provide follow-up screening for newborns that test positive for Cystic Fibrosis.
- \$6.4 million to fund rate increases for residential care facilities that provide for children in the care of the departments of Mental Health and Social Services.
- \$2.6 million to establish a Child Support Call Center to streamline the structure and workflow for the enforcement of child support obligations.
- \$785,040 for the Department of Mental Health to partner with St. Louis to establish a substance abuse treatment program for teens.

To create high quality, family supporting jobs in Missouri, Governor Blunt recommends:

- \$38.5 million from the state's tobacco Master Settlement to expand life sciences in Missouri.
- \$394,457 for additional staff for the sales and finance teams, which are a part of the reorganization of the Department of Economic Development.
- \$10 million for the Jobs Retention Training Program.
- \$4.5 million for additional tourism programs to promote travel to, and within, Missouri. This will bring tourism funding to \$17.8 million.
- \$2.5 million for the Promote Missouri Program to advertise the benefits of doing business in Missouri.
- \$150,000 to create new Innovation Centers around the state.
- \$1 million for port capital improvements.

To protect innocent life, Governor Blunt recommends:

- \$169,512 to support the state's Alternatives to Abortion Program. This will bring funding to \$1.5 million.

To improve Missourians' health, the Governor recommends:

- \$6 billion for Missouri's Medicaid Program. An additional \$658.1 million new funding, which includes \$275 million additional state general revenue dollars.
- \$6.1 million emergency supplemental to fund Missouri's Utilicare program which provides assistance with heating costs to elderly, disabled, and low-income families.
- \$25 million in state funds to establish a Health Care Technology Fund that will support projects to explore new innovative ways that technology can improve the delivery of care, reduce administrative burdens, and address fraud, waste, and abuse.
- \$100,000 to investigate Medicaid fraud. Governor Blunt has directed the Department of Social Services to contract with a private agency to verify and investigate selected Medicaid cases.
- \$700,000 to establish and expand Community Health Centers in Hannibal, Jefferson City, Naylor and Poplar Bluff. This will bring state funding for these centers to \$8.7 million.
- \$2.4 million for the AIDS Drug Assistance Program which provides medication to persons who are HIV positive. Early treatment is important as it reduces the spread of disease to others, and decreases the number of AIDS cases and deaths by stopping the progression of the disease. This will increase funding for the program to \$16.1 million.

For elderly and disabled Missourians, the Governor recommends:

- \$27 million to provide a \$1 per hour rate increase to ensure quality care is being delivered to individuals receiving in-home services. This increase, combined with other executive new decision items, will bring funding for the in-home services program to \$416.7 million.
- \$44.2 million to cover prescription drugs for 150,000 elderly and disabled individuals who qualify for Medicare, and \$20.6 million to cover increased pharmacy costs for elderly and disabled clients through the Medicaid Program. These two items bring the Medicaid Pharmacy Program to \$661.8 million.
- \$50,000 for a senior center in Worth County—the only Missouri county without a senior center.
- \$16.1 million to serve additional seniors through the Department of Health and Senior Services' meals program. This will bring funding for Area Agencies on Aging to \$47.9 million, which is primarily used for congregate and home-delivered meals.
- \$2.6 million and 48 staff to increase the inspections of Missouri nursing homes and residential facilities. This will bring total funding to \$5.5 million.

- \$2 million to fund the Homestead Preservation Tax Act which gives a tax credit for qualified senior citizens and disabled taxpayers providing relief from burdensome increases in local property taxes.
- \$1.4 million to increase monthly Blind Pension benefits from \$510 to \$541 per month. This will bring funding to \$24.2 million.
- \$1.1 million for the Senior Nutrition Program, which will provide increased funding for congregate and home-delivered meals.
- \$531,340 to increase funding for Alzheimer's services administered by the Department of Health and Senior Services.
- \$300,000 to administer the New Freedom Program to provide public transportation services for persons with disabilities.

To protect Missouri families, assist Missouri's law enforcement officials, and prevent crime, Governor Blunt recommends:

- \$500,000 to update Missouri's mitigation plans for eliminating or reducing long-term risk to human life and property from natural and technological hazards, and bring Missouri up-to-date and eligible to receive all available federal disaster assistance.
- \$9 million for the third and last year of a phased-in pay increase for Missouri's state Highway Patrol troopers.
- \$2.4 million and seven staff for the first phase of an upgrade for the Southwest Missouri Crime Laboratory in Springfield. When the lab is fully staffed in Fiscal Year 2009, the state's investment will be \$1.75 million annually for ongoing lab operations.
- \$1.3 million to upgrade vehicle safety features on state Highway Patrol vehicles with fire suppression systems, side impact air bags, and safer radio racks.
- \$753,491 for the new Missouri Information Analysis Center, which will serve as a central base for intelligence sharing and analysis among law enforcement and emergency personnel at all levels of government.
- \$396,465 for emergency warning equipment for vehicles used by Highway Patrol officers, including those assigned to the Gaming Commission.
- \$300,000 for equipment upgrades for the state's Highway Patrol crime labs. This equipment will identify substances used in drug cases.
- \$200,000 for a new armored vehicle for the Special Emergency Response Team.
- \$144,000 to support the DWI tracking system and Fatality Analysis Reporting System.
- \$100,000 for investigative funds to help bust drug dealers across the state.
- \$58,500 to provide ongoing flight training for the Highway Patrol's pilots.
- \$49,600 for new tactical entry vests for the Special Emergency Response Team.
- \$350,000 for a law enforcement center at Lake of the Ozarks State Park.

To protect Missourians and aid in the rehabilitation of offenders, Governor Blunt recommends:

- \$1.6 million to open additional community supervision centers to support the Department of Corrections' efforts to manage the prison population efficiently and effectively. This increase brings total funding to \$3.5 million.
- \$2 million for renovations needed to open two new sexual offender units.
- \$1.9 million to address increasing commitments by the courts to the Biggs Maximum Security Unit at Fulton State Hospital.
- \$1.7 million to operate an additional treatment unit to confine sexual offenders.
- \$2.1 million for the continuation and expansion of existing Missouri Drug Courts to assist offenders with rehabilitation and address the root cause of problems that contribute to criminal activity.
- \$252,019 for the Department of Corrections to implement the satellite tracking of 30 high-risk, repeat sexual offenders.
- \$120 million in bond proceeds to build a new women's prison to replace the Chillicothe Correctional Center for Women.

To support Missouri's agriculture industry, Governor Blunt recommends:

- \$5.3 million to support biodiesel production payments anticipated in Fiscal Year 2007.
- \$625,000 for the Ethanol Producer Incentive Fund to support ethanol production and maintain current efforts to fulfill commitments made in previous years. This brings total funding to \$8.6 million.
- \$483,000 to support boll weevil eradication efforts for Missouri's 483,000 acres of cotton.
- \$15,000 to enhance Missouri livestock exports through a Quality System Assessment Program that will verify cattle origin and age for foreign market buyers.

To care for Missouri's veterans and emphasize Missouri's commitment to those who serve in the military, Governor Blunt recommends:

- \$2 million for overtime costs to ensure quality care to the veterans residing at Missouri's seven veterans' homes.
- \$1.5 million for increased pharmaceutical and other costs at veterans' homes.
- \$831,854 to provide a pay adjustment for critical nursing staff working in veterans' homes.
- \$115,391 for the Veterans Service Officer Program to provide additional staff that will assist Missouri veterans in accessing benefits provided through the federal Department of Veterans Affairs.
- \$200,000 for the Missouri Military Family Relief Fund to help provide for the financial needs of families of the Missouri National Guard and Reservists on active duty.
- \$1.9 million to maintain security at Air National Guard bases in St. Joseph and St. Louis.

- \$304,080 to support National Guard armories for St. Joseph and Fort Leonard Wood.
- \$99,992 to provide start-up costs for the new armories located in Dexter, Pierce City, and an addition at Chillicothe.
- \$82,820 to ensure ongoing funding to staff the Veterans' Ombudsman Program.

For safe and efficient transportation, Governor Blunt recommends:

- \$405 million additional funds for road and bridge construction and maintenance.
- \$5 million for additional federal Transportation Enhancements Program funds. These funds can be used to enhance the appeal of Missouri by increasing the number of sidewalks, bike lanes, and trails. This brings total program funding to \$20 million for Fiscal Year 2007.
- \$2 million for the Safe Routes to School Program.
- \$1.9 million for the Small Urban and Rural Transportation Program, which will provide more access to public transportation in non-urbanized areas and support to small city transit systems.
- \$400,000 to maintain daily, round-trip passenger rail service between St. Louis and Kansas City.
- \$382 million available from Amendment 3 bond proceeds to be used for road and bridge projects.

To maintain a high-performing, efficient workforce, Governor Blunt recommends:

- \$93.6 million for a four percent pay raise for all employees.
- \$38 million to continue to provide the state's share for health insurance coverage for state employees.
- \$11.9 million to provide an adjustment for critical state positions with high turnover rates that are the most difficult to fill, including corrections officers, nurses, and certain state law enforcement officers.
- \$9 million for the third and last year of a phased-in pay increase for Missouri's State Highway Patrol troopers.

To protect Missouri's environment, Governor Blunt recommends:

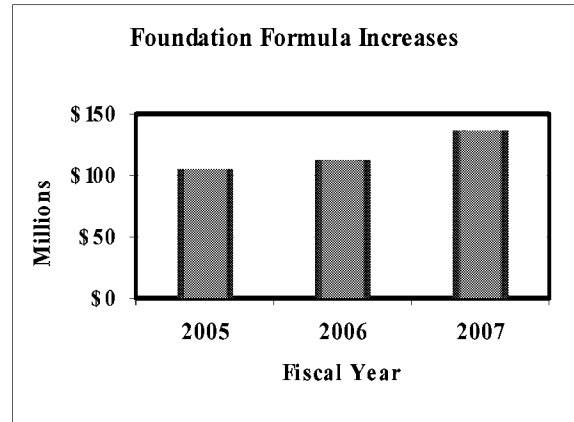
- \$1.6 million to enhance water resource assessment and monitoring statewide, ensuring the safety and quality of the state's water.
- \$1.1 million to enhance voluntary regulatory compliance through initial customer assistance visits.
- \$286,638 to determine applicable water quality standards for selected bodies of water throughout the state.

2006 / Fiscal Year 2007 Priorities

Increased Funding for Education

Governor Blunt is committed to maintaining education as the state's top public policy and budget priority. Governor Blunt's Fiscal Year 2007 budget includes an increase of \$167.1 million to support education, of which \$137.2 million will fully fund the new foundation formula and the new Small Schools Program. With this funding, the Blunt administration will have secured and recommended \$325.1 million additional dollars for education. The Governor also recommends:

- \$6.1 million for the state's High Need Fund.
- \$1.8 million increase for the A+ Schools Program, which brings total funding to \$18.2 million.
- \$1 million increase for the Parents as Teachers Program which brings total funding to \$32.3 million.
- \$17.1 million increase for the state's two- and four-year public colleges and universities. This brings total core funding to \$875 million and will result in public colleges and universities receiving greater funding than at any time since Fiscal Year 2001.



2006 Legislative Priority Our Students First

Governor Blunt's Our Students First Initiative is aimed at ensuring that Missouri taxpayer money is directed first to Missouri's classrooms. Our Students First:

- Ensures that at least 65 percent of every dollar of a district's operating budget is spent on classroom expenditures.
- Increases the pool of funds for teacher salaries, to provide more resources to teachers, and to aid them in educating Missouri students.
- Includes a yearly waiver provision for districts who cannot meet the goal due to unforeseen expenses or other prohibitive costs such as transportation or maintenance.
- Requires voter approval on the November 2006 ballot.

Improving Math and Science Education

Governor Blunt is committed to working with educators and the business community in the state to improve math and science education. Missouri and the United States are turning out fewer engineers and highly skilled professionals in the areas of math and science. Missouri's current and future workforce must be prepared for the demands of the future.

- The Governor intends to host a Math and Science Summit in 2006.

Putting Missouri's Children First

"Missouri's children deserve the best. We must do everything we can to provide for their safety, their education, and their future."

- Matt Blunt

2005 Successes

Increased Education Funding and a New Foundation Formula

The budget the Governor signed for Fiscal Year 2006 increased education funding by \$158 million, a significant increase of 4.4 percent. The Fiscal Year 2006 budget included a \$113.4 million increase for the foundation formula, a \$1 million increase for Parents as Teachers, and a \$3.8 million increase for the A+ Schools Program.



The Missouri General Assembly also took on one of the most difficult tasks for any state legislature, to pass a new foundation formula. The new school funding formula reflects the needs of Missouri students instead of the taxing capacity of the school district. The formula that was passed strikes a balance between rural and urban school districts and can be fully funded with revenues derived from reasonable economic growth. Depending on student enrollment over the next seven years, the new formula will provide \$800 million to \$1 billion new dollars for Missouri schools.

Fully Maintained the State Children's Health Insurance Program (SCHIP)

Missouri's State Children's Health Insurance Program (SCHIP) is a responsible use of taxpayer dollars.

Eligibility levels for SCHIP were kept completely intact in Fiscal Year 2006 to ensure Missouri children have access to healthcare.

The General Assembly enacted and the Governor signed into law reasonable premiums for this program for those who earn 150 percent of the federal poverty level (FPL). For those already enrolled in the program who were then responsible for premiums as a result of the change, the Department of Social Services waived a previous rule requiring a 30-day waiting period and six months to re-enroll after failure to make payment. Children were re-enrolled in the program as quickly as possible on receipt of payment.

After payment of the premium, families have no other out-of-pocket expenses. SCHIP provides full healthcare to children in families whose income is up to 300 percent of the FPL. For a family of four with two children making about \$30,000 a year, the premium is \$12.00 a month per child for full health insurance coverage.

Increased Funding for A+ Schools

Missouri's A+ Schools Program raises academic standards, opens new doors to higher education, and introduces students to the teaching profession through tutoring and mentoring activities.

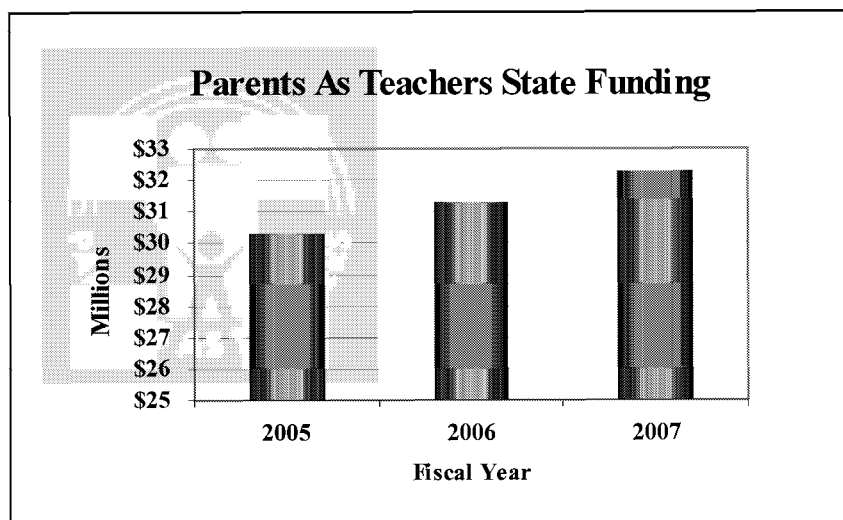
The program provides incentives for local high schools to reduce their dropout rates, raise academic expectations, provide better career pathways, and work more closely with business and higher education leaders.

In the Fiscal Year 2006 budget, the A+ Schools Program received \$3.8 million in additional funding, bringing total funding for the program to \$16.4 million.

Increased Funding for Parents as Teacher

Parents as Teachers (PAT) is a successful, worldwide program with its origins in Missouri. PAT encourages parents to become involved early in their child's education. The program supports the parents' role as their child's first and most influential teachers. PAT provides parent education and developmental screening services to families from the time their children are born until they are five years old.

Governor Blunt secured a \$1 million increase for PAT, bringing total program funding to \$31.3 million. This additional funding allows more visits from PAT educators for children between the ages of three and five and expansion of programs for parents for whom English is a second language.



Missouri's After-School Programs: Supporting Today's Workforce, Building Tomorrow's Leaders

Just 12 percent of children in Missouri's working families have access to after-school programs, while 33 percent of these children are unsupervised in the afternoon. After-school programs play an important part in keeping children safe and keeping their parents' minds at ease during the hours when many are completing their work day.

Working with the Missouri After-School Network, Governor Blunt traveled the state to host five mini-summits in Kirksville, St. Louis, Kansas City, Columbia, and Cape Girardeau.

These events highlighted the work, the benefits, and the needs of after-school programs in Missouri.

The five summits helped begin to build more positive, supportive relationships between area businesses and local after-school programs.

Protecting Children who are Abused and Neglected

Governor Blunt signed HB 568, which allows the Department of Social Services Children's Division and juvenile and civil courts to exercise discretion in placing a child back into the home under certain circumstances. This new legislation ensures that when reunification of a child with their family is possible, it occurs, and allows those with the best knowledge of the situation to determine the best interest of the child.

This bill also requires the court to appoint a guardian ad litem in any proceeding in which child abuse and neglect is alleged. The guardian ad litem serves as an advocate to represent the child's best interest and well-being.

Because of this legislation, the Children's Division is better able to recognize and treat the needs of children under the age of ten who may have been abused and/or neglected.

Increased State Payments for Residential Care for Children

Across the state, there are many dedicated and caring staff members and volunteers who care for and serve children that require residential care. Governor Blunt thanks these providers, such as Boys and Girls Town, Edgewood, the Ozanam House, and others, and their volunteers, employees, and members for their work and dedication to the future of Missouri's children.

These groups have been providing their services for fees that do not reflect the actual cost of providing that care. Governor Blunt made shrinking that gap a priority this past year. The Governor's budget included a \$10 per day increase, and the Governor was able to sign a budget that included a \$5 a day increase in payments to service providers of residential care for abused and neglected children.



UPI Photo/Bill Greenblatt

2006 / Fiscal Year 2007 Priorities

Missouri Life Sciences Research

The fast-emerging field of the life sciences industry is an integral part of Missouri's economy. It provides \$24 billion in annual economic benefit and thousands of high-paying jobs. To support Missouri's place as a leader in this industry, the Governor has:

- Established the Missouri Life Sciences Research Board to administer funds received from the state's tobacco Master Settlement Agreement.
- Recommended \$38.5 million for the Life Sciences Research Board from the tobacco Master Settlement Agreement.
- These funds will be used to improve the health and well-being of Missourians by accelerating competitive scientific projects, building research and commercialization capacity at leading Missouri institutions, and supporting commercialization efforts that create new jobs and investment.

Jobs Incentive Programs in Missouri

Last year alone, Missouri created more than 28,000 new jobs, while unemployment fell to its lowest level in four years. Since the beginning of 2005 through November, Missouri manufacturing employment increased by 6,000, or 1.9 percent. Overall, U.S. manufacturing declined over the same period by 0.3 percent, or 37,000 jobs.

- With the Missouri Quality Jobs Act signed into law by Governor Blunt in July 2005, additional successes are expected in 2006 in job creation and retention.
- The Department of Economic Development has also completed a review of Missouri's incentive programs and will move forward with approved recommendations to best utilize Missouri's job creation potential.

Tourism in Missouri

The Governor supports Tourism in Missouri.

- Governor Blunt has recommended \$4.5 million additional dollars for the Tourism Division within the Department of Economic Development to fund activities such as advertising and cooperative partnerships. This brings total state funding for tourism to \$17.8 million.
- Tourism in Missouri has also been positively impacted by the use of Missouri's successful Historic Preservation Tax Credits.
- Heritage tourism is important to Missouri. Governor Blunt supports historic renovation and the use of new and innovative partnerships to bring more people to discover Missouri.

Creating Jobs and Opportunities for Missourians

“Improving our business climate makes Missouri more competitive for economic development opportunities. For Missourians, that means more jobs and an opportunity to care for their families and plan for the future.”

- Matt Blunt

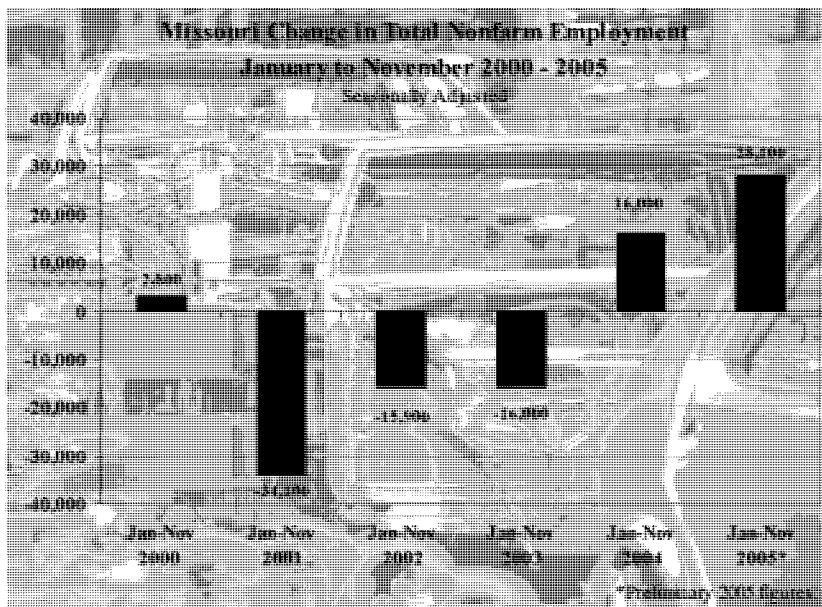
2005 Successes

An Improved Business and Entrepreneurial Climate

Through the early fall, the unemployment rate in Missouri was at its lowest level in four years. Through the third quarter of 2005, exports were \$800 million ahead of last year when the state set an export record of \$9 billion. The per capita income of Missourians continues to rise, and as of November 2005, the state has seen 28,000 new jobs.

The cost of doing business in Missouri is about 13 percent below the national average index calculated by the Milken

As of November, more than 28,000 new jobs had been created in 2005. That is an average of more than 500 new jobs each week.



Institute, a San Diego-based economic think tank. The calculation, reported in August, is based on wage costs, tax burden, electricity costs, and industrial and office rent costs.

Litigation reform and workers' compensation reform were priorities for the state prior to the Governor's election. The passage and signing of these reforms were symbols of the changes that are being made and are to come to improve opportunities in the state for all Missourians to have quality, family-supporting jobs, and access to health care services.

Both litigation reform and workers' compensation reform bring common sense and balance back to Missouri's laws. The need for these changes was evident. Previously, the U.S. Chamber of Commerce had ranked Missouri 41st out of all states for its business/legal climate.

Litigation Reform

Around the state, Missouri's hospitals and healthcare providers saw the effect of high malpractice insurance premiums as doctors left the state, stopped practicing, and applicants for competitive specialties dwindled.

Under the new law, an attorney must have an affidavit from a bona fide clinical peer of the accused to attest that malpractice

has, in fact, actually occurred. To address the problem of frivolous and ridiculous lawsuits, the litigation reform bill that was passed also restricted so-called "venue shopping", reduced joint and several



liability, and placed caps on punitive and non-economic damages.

Already, hospitals are seeing the positive impact of the passage of these reforms in the successful recruitment of new doctors.

This legislation has also meant a boost for Missouri's business community. Under the new litigation reform laws, Missouri's small businesses and entrepreneurs are able to operate without the constant fear of unfounded lawsuits that previously could have threatened their businesses' viability.

Workers' Compensation Reform

Workers' compensation costs were driving employers from Missouri and putting the state at a competitive disadvantage for economic development opportunities. The legislation that was passed and signed by Governor Blunt controls premium increases by ensuring employers are liable only for injuries for which they are directly responsible. The workplace accident or occupational exposure must be the "prevailing" factor in causing the injury or disability.

If the employee fails to obey the employer's policy on alcohol and drug use in the workplace, in conjunction with the workplace injury, the benefits will be reduced by 50 percent. If the alcohol or drug use is found to be the proximate cause of the injury, the benefits will be forfeited.

In addition, under the new law, any person who knowingly presents or causes to be presented a false or fraudulent workers' compensation claim shall be charged with a Class D felony.

The Missouri Quality Jobs Act

Governor Blunt and the Missouri Department of Economic Development looked to other states to find innovative job incentive programs that focused on bringing in and retaining family-supporting jobs for citizens. The Missouri Quality Jobs Act is based on similar programs in Oklahoma and Kentucky and has already been a powerful tool in Missouri to attract and retain quality, high-paying jobs.

The Missouri Quality Jobs Act has four parts and is targeted at industries that are essential to Missouri's growth—small and expanding businesses, technology businesses, and high impact projects. This program allows employers to keep a portion of the income tax withholding paid to employees in new or retained jobs.

The focus of the Missouri Quality Jobs Act is to create high-quality, high-paying, family-supporting jobs. In order to participate, employers must provide employee health insurance and pay at least 50 percent of the premiums. In addition, the jobs that are created or retained must be at or above the average county wage.

Since Governor Blunt signed the Missouri Quality Jobs Act into law, companies like Express Scripts and Pfizer have utilized the program to both keep and create new jobs in Missouri.

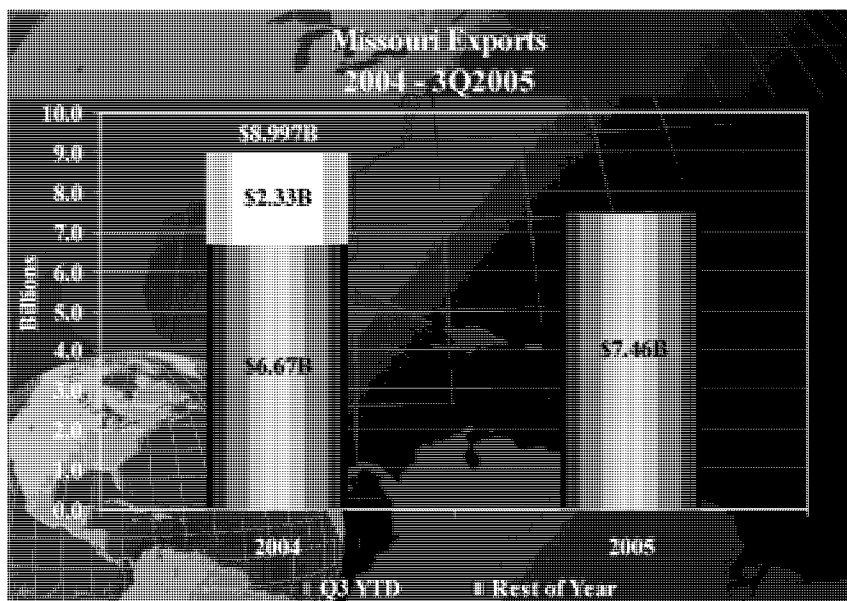
The Governor's Advisory Council for Plant Biotechnology

In April, Governor Matt Blunt announced the creation of the Governor's Advisory Council for Plant Biotechnology to help Missouri secure its place in the next great economic and technological revolution. It is the first group of its kind in the nation.

The advisory council is charged with analyzing the state's current life sciences environment to determine how the state can better capitalize on the industry's potential. The council will serve as an aggressive recruitment committee to attract new life sciences companies to Missouri, and will determine if a state-based regulatory structure is desirable.

The council, including scientists, businessmen, venture capitalists, and an economist, will report to the Governor on how Missouri can leverage its current assets, both financial and human, to drive development of this new industry.

Through the third quarter of 2005, exports are \$800 million ahead of last year, when the state set an export record of nearly \$9 billion.



2006 / Fiscal Year 2007 Priorities

Maintaining Missourians' Access to Care

To maintain access to care for low-income Missourians, Governor Blunt recommends \$6 billion in total funding, which is an increase of \$659 million. Over 900,000 Missourians will receive Medicaid in Fiscal Year 2007, which represents one in every six Missourians. The Governor also recommends:

- A \$1 per hour increase for in-home healthcare providers. This will be a \$27 million increase, which will bring Fiscal Year 2007 recommended total funding for the in-home services program to \$416.7 million.
- \$700,000 to establish and expand community health centers in Hannibal, Jefferson City, Naylor, and Poplar Bluff. This will bring state funding for these centers to \$8.7 million.

Establishment of the Health Care Technology Fund

Governor Blunt has recommended \$25 million in state funds to establish a Health Care Technology Fund.

- This fund will support projects that promote the use of technology in healthcare, and create data and automation systems that provide critical information about the population served.
- The Governor will also establish the Missouri Health Information Technology Taskforce to analyze and develop recommendations to modernize Missouri's healthcare delivery system.

Patients' Right to Know Initiative

To improve patients' access and understanding of healthcare quality and costs, the Governor:

- Believes providing easier access to this information will help Missourians make informed healthcare decisions.
- Has asked the Department of Health and Senior Services to create a comprehensive tool that allows Missourians to easily access healthcare quality and cost information.

Chronic Care Improvement Program

The Department of Social Services is currently in the process of implementing a Chronic Care Improvement Program.

- Through care coordination, the program will increase involvement of the central primary healthcare provider, empower patients to perform healthcare self-management, and utilize existing community resources and health infrastructures.

Eliminating Waste, Fraud, and Abuse in Medicaid

Governor Blunt has recommended an additional \$100,000 to investigate Medicaid fraud.

- The Governor has instructed the Department of Social Services to contract with a private agency to verify and investigate selected Medicaid cases. Similar programs in other states have recovered ten to twenty dollars on every dollar invested in contracted services.

Improving Missourians' Health

“Improving Missourians’ health means improving Missourians’ quality of life. The state must join with the people to find innovative solutions to minimize the impact of the rising cost of healthcare.”

- Matt Blunt

2005 Successes

Preserving Access to Healthcare for Children, Pregnant Women, and the Blind

In 2005, Governor Blunt preserved healthcare coverage for children, pregnant women, and the blind.

The State Children’s Health Insurance Program is a good investment of taxpayer dollars. Children who are healthy miss fewer days of school and are better able to learn in the classroom.

Protecting healthcare for pregnant women also helps to encourage expectant mothers to seek prenatal healthcare, advice and assistance, and reflects Governor Blunt’s belief in the sanctity and value of innocent life.

Increased Pay for Providers of In-Home Services

The Governor has highlighted the importance of in-home care to allow senior citizens who need assistance to remain in their homes and their communities. Governor Blunt recommended a \$2 per hour increase for in-home care providers. He was able to sign a budget that enacted a 64-cent per hour, \$13.6 million, rate increase. This increase brought total funding for in-home care services in Fiscal Year 2006 to \$378.8 million.

The Healthy Missourians Initiative

The Governor's "Healthy Missourians Initiative" outlines a number of actions to help address the obesity problem and encourage healthier living, including:

- Supporting family-focused community activities that provide healthy nutrition and physical activity opportunities.



UPI Photo/Bill Greenblatt

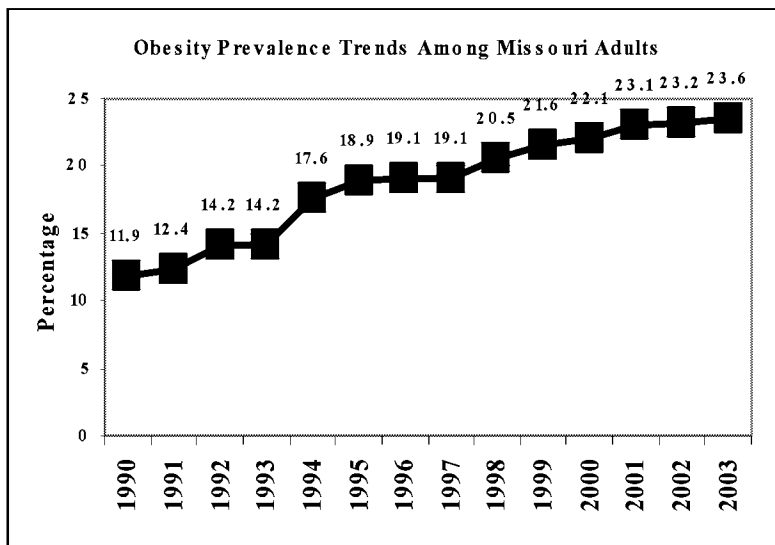
- Helping schools and child-care facilities identify resources to assist families with children at risk for obesity.

- Recognizing successful approaches used by employers to improve nutrition, physical activity, and breastfeeding practices of employees.

- Providing training, resources, and assistance to schools, child-care facilities, families, communities, and employers.

- Providing support for primary health care facilities to address obesity risks in early stages.

- Informing public officials about the health and economic costs of obesity.



An Increased Focus on Waste, Fraud, and Abuse

Strong policies to root out and address waste, fraud, and abuse in Missouri's Medicaid Program have focused on both recipients and providers. Aggressive investigations have targeted systematic and anomalous patterns. These actions, along with reverification of eligibility, are resulting in increasing efficiency.

The largest tragedy of Medicaid fraud is that those who misuse, abuse, and steal from this system are stealing from every taxpayer in this state. They are taking taxpayer dollars that should rightfully be used to support and maintain a needy Missourian's healthcare and quality of life.

*Over 900,000 Missourians
will still receive Medicaid
benefits in Fiscal Year
2006. This represents over
16 percent of
Missourians.*

There are many good, upstanding physicians and providers who abhor the crimes that are committed against Missouri's social welfare system.

The state's focus must be first on the prevention of fraud, to stop improper payments before they go out, and avoid the lengthy and expensive process of litigation. Efforts will continue to increase efficiency and fraud prevention.

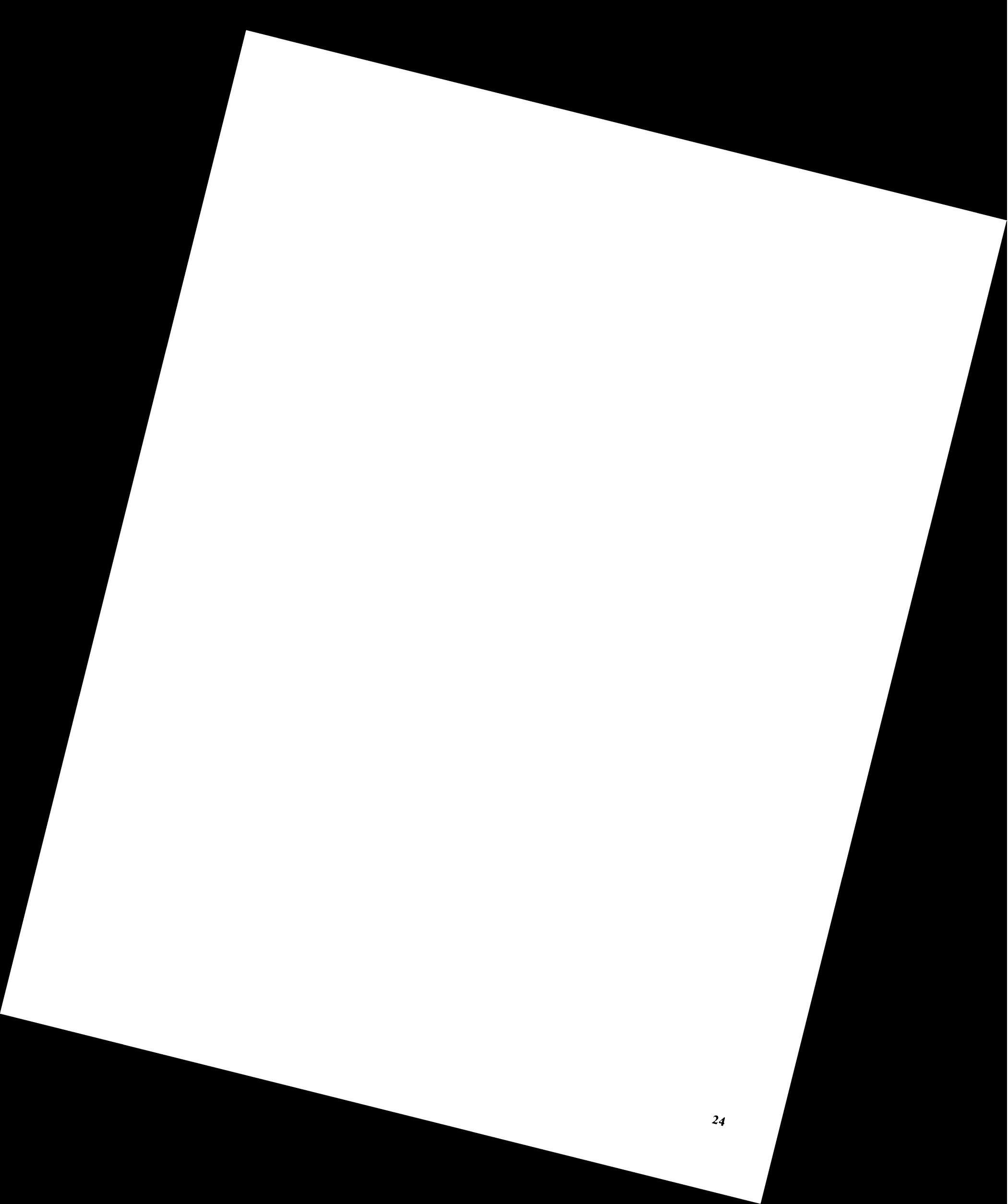
- Medstat, Medicaid's tool for identifying fraud, was expanded since Governor Blunt took office. As of November 2005, this program's cost avoidance and cash recoveries increased by \$4.9 million dollars.
- The efforts to recover funds when a third party payer owes Medicaid money were successful in collecting over \$42 million since last January. This is an increase of \$12.3 million.
- Through renegotiating transportation contracts, the state was able to save over \$15 million annually and more efficiently utilize federal matching funds to further reduce the state's costs by over \$3 million annually.

- Governor Blunt called for an increased emphasis on annual reverifications which resulted in the completion of more reinvestigations and over the course of the year has saved the state an estimated \$104 million.
- The Department of Social Services (DSS) has increased efforts to identify and eliminate provider fraud. Through the use of technology, like the Fraud Abuse Detection System and Program Integrity staff efforts, DSS continues to improve the monitoring of program compliance by providers.
- Medicaid will save \$2.4 million per year by renegotiating the arrangement to provide CPAP (continuous positive airway pressure) and BiPAP (bi-level positive airway pressure) machines so that payments for the equipment are more like a lease-purchase, ensuring that the rental price of the machine does not exceed its purchase price.

Maintaining Sustainability of Medicaid

Medicaid is in place to provide a safety net for those who truly need assistance. However, Missouri's Medicaid Program was growing at more than five times the rate of inflation and threatening the ability of the state to fund other core functions. Difficult decisions, which had been put off for too long, needed to be made to rein in the growth of this system and maintain the sustainability of Missouri's important healthcare safety net.

- Prior to Fiscal Year 2003 the elderly and permanently disabled eligibility level was between 74 and 77 percent of the federal poverty level. In Fiscal Year 2003, the eligibility level was expanded to 80 percent, then 90 percent in Fiscal Year 2004, and by executive order to 100 percent of the federal poverty limit in Fiscal Year 2005.
- Medicaid reforms passed in 2005 make reasonable changes to roll eligibility levels for the elderly and permanently disabled to 85 percent of the federal poverty level and those affected can still participate through spenddown. This change is still above the eligibility levels for Fiscal Year 2003, just three years ago.



2006 / Fiscal Year 2007 Priorities

2006 Legislative Priority

Prohibiting Abortion Providers from Teaching in Schools

Currently, some school districts around the state allow Planned Parenthood and other abortion providers to offer sex education in their schools. Governor Blunt believes that these providers should not be providing information to Missouri school children. The Governor proposes legislation:

- That will prohibit any public elementary or secondary institution from allowing abortion providers to present sex education programs to students.

2006 Legislative Priority

Conscience Protection for Pharmacists

Currently, Missouri law provides conscience protection for certain medical professionals with respect to abortions. Recently, pharmacies have taken action against pharmacists who refuse to fill prescriptions for RU-486 or the so-called morning after pill. The Governor proposes legislation that:

- Protects the conscience rights of pharmaceutical professionals. Pharmacies cannot require any employee to perform, assist, recommend, refer for, or participate in any service involving a particular drug or device they have a good faith belief is used for abortions.
- Protects pharmaceutical professionals from civil or criminal liability and from actions against their professional license if they invoke their conscience rights protections.
- Prohibits employers from refusing to hire, discriminating against, segregating, or terminating a pharmaceutical professional because of their opposition to any service involving a particular drug or device that they have a good faith belief is used for abortions.

2006 Legislative Priority

Tax Credits to Support Alternatives to Abortion

Governor Blunt supports programs that offer alternatives to abortion. Pregnancy resource centers and crisis pregnancy centers are non-residential facilities that provide assistance designed to support pregnant women, offer support, and encourage birth rather than abortion. To support the operation and establishment of these successful programs, the Governor proposes a tax credit for individuals and businesses that make donations to these centers. The Governor's proposal:

- Allows an income tax credit for 50 percent of the donations.
- Limits each credit to \$50,000 per individual or business.
- Limits the maximum amount of credits that can be issued in one year at \$2 million.

Representing Missourians' Values

"Missourians value and respect the sanctity of life, and it is our responsibility as public officials to uphold these important values by protecting innocent life."

- Matt Blunt

2005 Successes

2005 Special Session Passing Meaningful Pro-Life Legislation

Governor Blunt shares a respect and a dedication to the sanctity of human life with a majority of Missourians. As the first pro-life Governor in over a decade, one of Governor Blunt's highest priorities was enacting meaningful legislation to protect innocent life and turn the tide in Missouri to build a culture that respects human life and values the health and welfare of young women. Legislation the Governor signed:

- Prohibits taking minors across state lines to obtain an abortion without the consent of a parent or guardian. Parents should be notified before an abortion is performed on their minor child, just as they would for any other major medical procedure.
- Requires physicians who perform or induce abortions to have clinical privileges at a hospital which offers obstetrical or gynecological care located within thirty miles of the location at which the abortion is performed or induced. This will help ensure that quality medical care is available should complications occur with the abortion procedure.

2006 / Fiscal Year 2007 Priorities

2006 Legislative Priority

Protecting Children from Sexual Predators

To implement tougher penalties to protect Missouri children, Governor Blunt proposes:

- Mandating a minimum sentence of 25 years in prison for a first offense of statutory rape, statutory sodomy, or sexual trafficking involving a child under the age of 13. In addition, a suspension of imposition of the sentence would be prohibited.
- Adding individuals who have plead guilty to, or been found guilty of, an offense against a child under age 13 to the current lifetime monitoring law.
- Increasing the current maximum sentence for predatory and persistent sexual offenders.
- Increasing minimum penalties for Internet sex offenders.
- Improving the state's sex offender registry to mandate reporting periods to keep information and distinguishing characteristics current. Offenders would also be required to take an updated picture for the registry annually.

Keeping Dangerous Offenders in State Custody

The Department of Mental Health administers the housing and security of civilly committed sexually violent predators. The Governor's budget includes:

- \$2 million to renovate existing facilities to open units to house these sexual offenders.
- \$1.7 million to operate an additional treatment unit to confine sexual offenders.

Better Tools for Law Enforcement

Law enforcement personnel risk their lives each and every day to protect Missourians. Officers across the state continue the fight against meth and other crimes that threaten the safety of Missourians. The Governor's Fiscal Year 2007 budget includes:

- \$13.4 million for the Missouri Highway Patrol's final phase of a three-year pay increase, the phase in of a full-service crime lab in Springfield, vehicle safety upgrades, and crime lab equipment improvements.
- \$271,021 to retain other critical state law enforcement personnel.

A New Women's Prison

Nationally, women are being incarcerated at twice the rate of men. This is true in Missouri as well. The current Chillicothe Correctional facility was built in 1895, was never designed to be a prison, and is out-dated.

- For the safety of the public and the Corrections employees who work at the old facility, the Governor has recommended \$120 million in bond proceeds to construct a new women's prison.

Protecting Missourians

“The criminal laws of this state should embody the values and expectations of the people of Missouri.”

- Matt Blunt

2005 Successes

Combating Missouri's Meth Epidemic

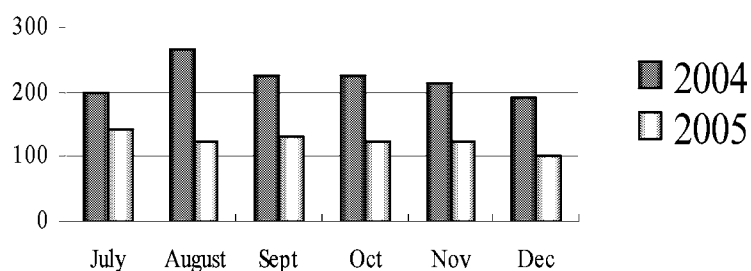
Missouri has led the nation in methamphetamine incidents for several years in a row. In fact, Missouri has typically had about twice as many incidents as the next closest state. In 2004, for example, Missouri was first in the nation with 2,788 incidents while Iowa was second with 1,300. In 2003, Missouri was first with 2,860; Iowa was second with 1,240; and California was third with 1,239.

To put that in even greater perspective, Missouri has accounted for 17.4 percent of the nation's meth incidents over

the course of the past two years. Governor Blunt spearheaded new legislation that:

- Limits the quantity of pseudoephedrine and ephedrine products, the key ingredients needed to make meth. Individuals can buy up to 9 grams per month (3 larger sized boxes of cold tablets).

**Tracking Missouri's
Methamphetamine Incidents**



*SB 10-Pseudoephedrine Control-Signed into law 06-15-05, effective 07-14-05

- Elevates products containing pseudoephedrine and combination products containing ephedrine and pseudoephedrine to the level of a Schedule V controlled substance.
- Requires pseudoephedrine and ephedrine products to be kept behind a pharmacy counter and sold only by a pharmacist or a pharmaceutical technician. Compounds in liquid or liquid capsule form are exempt because meth cannot be readily manufactured from these products.
- Requires individuals who want to purchase restricted products to show a photo ID card.
- Requires pharmacies to maintain purchase logs and make them available for inspection to law enforcement officers.

Strengthening Missouri's Sex Offender Laws

Sex offenders and those who prey on children violate Missouri's most basic values. Missouri must make sure its laws protect the public, especially vulnerable children.

Governor Blunt and the Missouri General Assembly took action last year to strengthen Missouri's sex offender laws, enacting legislation that is among the most aggressive in the country. Missouri joins only five other states that have Global Positioning Satellite (GPS) tracking programs or have passed legislation to implement a GPS tracking program for sex offenders. There are over 2,500 offenders incarcerated in Missouri for sexual crimes against children. Changes and additions to Missouri's law in 2005 include:

- Any sex offender who has previously been found guilty of a sex offense and commits another sex offense after August 28, 2005, against a victim less than 14 years of age shall be supervised by the Board of Probation and Parole for the duration of his or her natural life or to 65 years of age. A condition of parole is that the offender be electronically monitored via a GPS tracking device.

- Missouri sheriffs' departments are now allowed to maintain an Internet website which lists the registered sex offenders in their county, including the sex offender's photograph.
- The crime of sexual contact with a student was established for circumstances in which sexual contact is made by an adult teacher on public school grounds. Previously, no penalty existed for sexual contact that did not involve intercourse between a teacher and a student.
- The Missouri State Highway Patrol is now allowed to collect fingerprints from individuals employed in a capacity involving the care or supervision of minors.

Missouri Joins the Amber Alert Web Portal

In May, Missouri joined the AMBER Alert Web Portal. The AMBER Alert Web Portal employs next-generation technology to engage and empower every organization, broadcaster, and citizen with the real-time information needed to save an abducted child's life.



UPI Photo/Bill Greenblatt

The AMBER Alert Web Portal enables law enforcement to sign-in and enter all of the necessary data regarding a missing child. For the first time, law enforcement officials can communicate live, directly with citizens, through a simple opt-in, sign-up process allowing the public to receive the real-time, locally-relevant AMBER

Alerts via different communication devices such as pagers, cell phones, and e-mails.

2006 / Fiscal Year 2007 Priorities

2006 Legislative Initiative Eminent Domain

To protect Missouri's home, farm, and business owners, the Governor will work to ensure state law provides for balance, by allowing government to exercise eminent domain only in limited circumstances where there is a clear and direct public purpose. To ensure Missouri property owners' rights continue to be protected under recent court decisions, the Governor recommends Missouri's eminent domain laws be modified to:

- Prohibit eminent domain use to take farm land for economic development purposes.
- Define just compensation, blight, public use, and good faith negotiations.
- Ensure property owners are made aware of their rights and there is adequate time for property owners to engage in the process.
- Allow for mediation and cost recovery.
- Protect land owners if a condemning authority acts in bad faith or does not use the easement for its original purpose within a given timeframe.
- Limit eminent domain powers to elected officials or their appointees, requiring governments to consider alternate routes or sites.

2006 Legislative Initiative Statewide Ten Percent Ethanol Standard

This year the Governor proposes that Missouri become the fourth state to move toward fuel produced in the Midwest and away from fuel produced in the Middle East.

- The Governor proposes legislation that will require all fuel sold in Missouri to contain a 10 percent ethanol blend.

Continued Commitments to Producers of Renewable Fuels

To support the continued development of renewable fuels, the Governor's budget includes:

- \$5.3 million to the state's Biodiesel Producer Incentive Fund to support biodiesel production payments anticipated in Fiscal Year 2007.
- \$625,000 to fully fund Fiscal Year 2007 ethanol production and maintain current efforts to fulfill commitments made in previous years from the Missouri Qualified Ethanol Producer Incentive Fund, bringing total program funding to \$8.6 million.

Quality Systems Assessment for Missouri Livestock

This past year the state, through cooperative efforts of the Missouri Department of Agriculture and the state's cattlemen, became the first in the nation to implement a Quality Systems Assessment (QSA) Program. Participation in the program places the state in a position to add value to its cattle and capitalize on the recent re-opening of the Japanese market.

- The Governor recommends \$15,000 to enhance Missouri's livestock exports through the QSA Program, which will verify cattle origin and age for foreign market buyers.

A Renewed Commitment to Agriculture

"Missouri's agriculture community is an integral and important part of our state's history, heritage, and future economic growth."

- Matt Blunt

2005 Successes

A Renewed Commitment to Missouri's Agriculture Industry

Working with Missouri's farmers and agribusiness is a priority for Governor Blunt. The Governor believes that agriculture has significant potential for future growth in both the crop and livestock sectors.

The past year has brought exciting developments for the renewable fuels industry with a new ethanol production facility

coming online, in addition to a groundbreaking ceremony for the state's first biodiesel plant. To support these efforts, the Governor provided full funding for the ethanol payments in his first budget and supported significant improvements to the Biodiesel Producer Incentive Program.



Legislation was passed and budget priorities were enacted in 2005 that began the renewed commitment to Missouri's agriculture community.

- The Missouri Qualified Ethanol Producer Incentive Fund was extended from its current sunset in 2007 to 2015, ensuring the state's commitment to the production of ethanol for nearly another full decade. This will give farmers added confidence to invest in additional production facilities.
- The Governor and the General Assembly made good on the state's current commitment to the Missouri Qualified Ethanol Producer Incentive Fund by providing the full \$5.4 million in funding this year. In addition, \$2.6 million of the funds owed from previous years was also provided (*about one-fourth of the total back payments owed*).
- Natural gas, propane, and electricity used by an eligible new generation cooperative were exempted from state taxation, providing a competitive advantage for Missouri's farmer-owned businesses.
- Legislation signed by the Governor this year also allows use of the state's general revenue fund to support the Biodiesel Incentive Fund. Missouri's first biodiesel plant, located in Mexico, Missouri, will begin production next fall. This legislation will help ensure that the Mexico plant competes favorably with production facilities in surrounding states while also laying the foundation for additional biodiesel production in Missouri.

2006 / Fiscal Year 2007 Priorities

Missouri's Veterans' Homes and Cemeteries

Missouri's veterans' homes provide essential services to many of the state's veterans.

Governor Blunt's Fiscal Year 2007 budget includes:

- \$8.6 million to build a new veterans' cemetery in Ft. Leonard Wood.
- \$2 million for overtime costs to ensure quality care to the veterans residing in Missouri's seven veterans' homes.
- \$831,854 to provide a pay adjustment for critical nursing staff working in veterans' homes.
- \$1.5 million for increased pharmaceutical and other costs at veterans' homes.

More Veterans Service Officers

The Governor recommends additional funding in Fiscal Year 2007 to strengthen the system of Veterans Service Officers, including:

- \$115,391 for additional Veterans Service Officers to aid veterans in accessing resources for healthcare, pensions, job and education opportunities, and other benefits.
- \$82,820 to ensure ongoing funding to staff the Veterans' Ombudsman Program.

Support for the Missouri National Guard

To support the ongoing maintenance and security of Missouri's National Guard installations, Governor Blunt's Fiscal Year 2007 budget includes:

- \$1.9 million to maintain security at Air National Guard bases in St. Joseph and St. Louis.
- \$304,080 to support National Guard armories in St. Joseph and Fort Leonard Wood.
- \$99,992 to provide start-up costs for the new armories located in Dexter and Pierce City, and an addition at Chillicothe.

Missouri Military Family Relief Fund

Governor Blunt is committed to supporting the brave men and women who serve in the National Guard and Reserves. The Missouri Military Family Relief Fund, part of legislation passed in 2005, authorizes contributions to provide assistance to the families of National Guard members or reservists who are on active duty.

- Governor Blunt recommends \$200,000 for this important program in his Fiscal Year 2007 budget.

Caring for Those Who Have Served Us All

"I have the greatest respect for those who have served and are serving in every branch of our military. We are the greatest country on Earth thanks to these brave men and women."

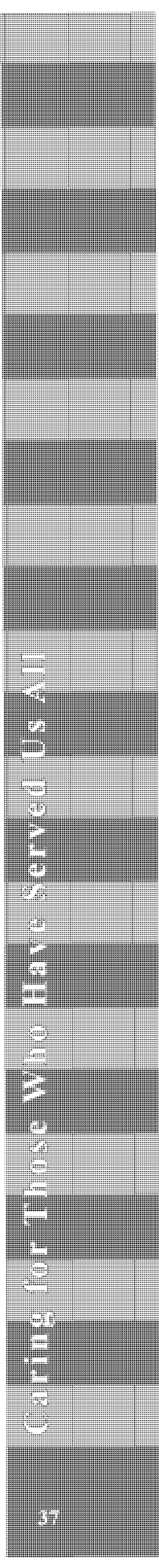
- Matt Blunt

2005 Successes

Caring for Missouri's Veterans

In 2005, Governor Blunt recommended and signed a budget that included \$13.7 million in general revenue to sustain the operations of Missouri's veterans' homes. The Governor is committed to caring and providing for Missouri's veterans. Supporting Missouri's veterans' homes was the right thing to do in the face of difficult budget times for all of state government.





Advisory Council for Veterans' Affairs

In November 2005, Governor Blunt kept a campaign promise by establishing the Governor's Advisory Council for Veterans' Affairs.

The council will advise the Governor on ways to assist Missouri's veterans by identifying the needs of the aging veteran population, developing strategies for improving the delivery of services, increasing services to and awareness about the number of women veterans in the state, and promoting Missouri as a "military friendly state."

Missouri Military Family Relief Fund

To help the families of those who are currently serving, the Missouri General Assembly passed and Lt. Governor Peter Kinder signed in the Governor's out-of-state absence, legislation to establish the Missouri Military Family Relief Fund authorizing a tax contribution check-off. The fund will be administered by the Adjutant General and will provide grants to families of servicemen and women who are members of Missouri's National Guard or Missouri residents who are members of the Reserve who have been called to active duty.

2006 / Fiscal Year 2007 Priorities

Continued Good Stewardship of Taxpayer Dollars

Missouri state government faces a new budget year with a surplus, instead of a deficit. Continued good stewardship of taxpayer dollars and a focus on efficiency will continue to build Missouri's fiscal stability. Governor Blunt is committed to ending wasteful spending practices and implementing even more cost saving measures in Missouri's executive branch.

- The Governor's recommended Fiscal Year 2007 budget is the first in eight years to recommend fewer than 60,000 state employees.
- The Governor is committed to reducing the size of state government while continuing to increase efficiency and quality customer service for taxpayers.
- In the Fiscal Year 2007 budget, the Governor is recommending \$115,000 for the Commissioner of Administration to hire three staff to conduct on-going objective examinations of state expenditures and identify potential cost savings. They will provide detailed analysis of monthly expenditures, consult with agency personnel and Division of Accounting management, and make recommendations for lowering costs while maintaining or improving existing levels of service.

State Employee Compensation

Missouri's employees have improved efficiency and productivity and done more with less. The Governor recommends:

- \$93.6 million for a four percent pay raise adjustment for all employees.
- \$38 million to continue to provide the state's share of health insurance coverage for state employees. This funding will maintain the state's current contribution rate.
- \$11.9 million to provide an adjustment for critical state positions with high turnover rates that are the most difficult to fill, including corrections officers, nurses, and certain state law enforcement officers.

Minority- and Women-Owned Business Participation Programs

In September 2005, Governor Blunt created the Office of Supplier and Workforce Diversity to withstand constitutional scrutiny of the program and more adequately address the needs and obstacles of women and minority-owned businesses.

- The new office and structure will allow the state to be more aggressive in recruiting minority- and women-owned businesses to enter into contracts with the state and keep better records of the compliance of contractors.

Responsible Stewardship of Taxpayer Dollars

"Missourians deserve a government that works for them and spends their money wisely. We must rebuild trust and commitment."

- Matt Blunt

2005 Successes

Looking back over 2005, we see a historic session, a record year in job creation, and education put back where it rightly belongs, as the state's top priority. Action taken in 2005 laid a firm foundation on which to build Missouri's future. In 2006, Missouri state government no longer faces a \$1.1 million

deficit, but instead, a surplus - a surplus that was brought about by strong economic growth, increased tax revenues, sound fiscal management, and good stewardship of taxpayer dollars.

On his first day in office, Governor Blunt announced the closing of the state's Washington D.C. office, a freeze on the purchase of non-

emergency vehicles and cell phones, and the purchase and leasing of new office space for state agencies. Since the Governor's first day in office, wasteful leases have been ended in favor of using state-owned space for a savings of \$2.2 million.



The closing of the Washington D.C. office has saved and will continue to save the state more than \$160,000 in rent and staff salary annually. These actions on his very first day in office set the tone for a year that has produced results in cost savings, reduced waste, increased efficiency, and many other simple, commonsense, cost-saving measures that have saved millions of taxpayer dollars.

Savings in the Office of Administration

By improving personnel management, reorganizing staff and responsibilities in the Commissioner's Office, the Office of Administration (OA) was able to reduce staff by ten full-time positions without reducing services to taxpayers.

- OA's Facilities Management recognized privatization would result in significant savings. By moving janitorial and security services out of the state payroll and into the private sector, taxpayers will spend about \$1.6 million less for the same services. The switch will move 68 full-time positions in Kansas City, Springfield, St. Joseph, and St. Louis to private contractors.
- Instituted a statewide inventory and assessment of the state's real estate holdings. As a result, \$1.3 million of excess property has been sold and the funds deposited into general revenue.
- Directed the consolidation of state agencies within owned and leased facilities and terminated leases that were underutilized, which resulted in a reduction of 245,000 square feet of leased space and \$2.2 million in annual rent.
- Privatized the facility maintenance operations in St Louis and Springfield saving \$1.6 million annually while improving the overall condition of the state's facilities.

- Executed the State of Missouri's first Energy Performance Contract that authorized a \$4.2 million energy saving modification for two of the largest state office buildings. The modifications will be funded from the resulting utility savings and will not require additional appropriations.
- Combined the department's facilities management and construction oversight divisions, eliminating duplication and saving taxpayers over \$1 million annually.

Consolidating Missouri State Government's Information Technology

Consolidating Information Technology (IT) services has allowed the state to be able to continue its key IT missions while realizing a savings of \$2.6 million.

- For example, consolidating authority over IT staff and budgets has allowed the state to avoid refilling IT positions through data network and server support consolidation.
- Consolidation has also allowed the state to prescribe one good tool to swipe hard drives on decommissioned computers which will ensure that citizen's confidential information will be erased from equipment sent to Surplus Property.
- Consolidating IT procurements as a statewide entity is cost effective. For instance, the division also renegotiated its telecommunications contract and initiated other cost reduction measures, which will reduce state agency telecommunications costs by \$835,000 in Fiscal Year 2006 and by at least \$400,000 per year through Fiscal Year 2010.

Commonsense Savings in the Department of Revenue

Transitioning the state's 11 branch license offices into offices operated by contract agents accounted for nearly 200 of the total 309 full-time employee reductions in the Department of Revenue (DOR), and will save the state more than \$7 million each year. Meanwhile, customers statewide have seen no decrease in the department's commitment to customer service.

- The department has announced that beginning in January 2006, they will use postcard motor vehicle renewals instead of letter form notices, a change that will save about half a million dollars annually.
- DOR also ended newspaper and magazine subscriptions as well as food expenditures, reduced organizational memberships, cut its automobile fleet, and greatly limited travel. The department implemented commonsense spending of taxpayer dollars. For example, the department ended a \$4,000 per month consulting contract where virtually no work had been performed.

Cost Savings in the Department of Corrections

The Department of Corrections identified substance abuse services they offered to offenders that were also offered by the Department of Mental Health. Corrections worked with Mental Health to consolidate the programs and erase the duplicative services.

- The Department of Corrections has also consolidated its inmate education services to save over \$1.4 million while ensuring that every inmate to be released will still have the same access to education.

Reorganization of the Department of Economic Development

Under the department reorganization, the divisions of Business Development and Trade, and Community Development were merged into one operation to create efficiencies in how the department delivers its services to Missouri's businesses, communities, and related organizations.

- The merger will move more professionals out of Jefferson City and into the field to better serve communities and businesses, focus staff on the goals and missions of the department, and raise the department's expectations for results.
- The department's sales team will have regional and national responsibilities to seek out, respond to and partner with local officials to seek opportunities to create jobs, stimulate private investment, and increase local revenues. There also will be industry specialists whose sole responsibility will be to focus on their specialty areas such as agriculture, the auto industry, life sciences, and biotechnology.
- The marketing team will support the activities of the sales team by promoting Missouri as a great place to work and do business both nationally and internationally. The finance team will also lend its expertise to the sales team by packaging finance deals, suggesting appropriate incentives for communities, and writing proposals that will be most attractive to companies seeking to locate or expand in Missouri.
- The department's compliance team will provide on-site monitoring to ensure the department's incentive programs are being used correctly and that taxpayer dollars are receiving the best return on investment.

Reorganization of the Department of Revenue

The Department of Revenue reorganized to promote its core mission of excellent customer service, good stewardship of taxpayers' dollars, and commitment to following the law. The department has reorganized into three divisions to reflect this mission:

- Customer Services
- Fiscal Services
- Legal Services

The biggest change was combining the previous Taxation and Motor Vehicle/Driver Licensing Divisions into the new Customer Services Division. The reorganization was designed to promote effective administration, improve consistency of customer service to all Missourians, enhance cross-training of employees, eliminate duplication, and save tax dollars.

Reorganization of the Department of Health and Senior Services

The Department of Health and Senior Services, to ensure better utilization of resources and viability of services, has consolidated the Director's Office senior management. The department also:

- Consolidated the community, environmental, local, health information, epidemiology, and minority and women's health programs into a single Division of Community and Public Health.
- Separated the current Division of Senior Services and Regulation into two divisions - the Division of Senior and Disability Services and the Division of Regulation and Licensure.
- Consolidated all department-wide administrative and operational support functions under a central core reporting directly to the Department Deputy. These are functions that are global in nature and do not fit under a programmatic division.

Reorganization of the Department of Natural Resources

The Department of Natural Resources implemented a reorganization in 2005 that has helped businesses, communities, and citizens to protect the environment. The reorganization:

- Established the Field Services Division. This new division will consolidate the department's five regional offices, its Environmental Services Program, and several related functions from other divisions.
- Improved communication by locating an ombudsman at each regional office. The ombudsman will be independent of the regional office and will inform the regional director and the department director of issues, concerns and problems, and assist in issue development. Removing some time-consuming responsibilities from the regional directors should free up more of their time to address their added professional, technical, and leadership responsibilities.
- Merged its Air and Land Protection Division with its Water Protection and Soil Conservation Division to form the Division of Environmental Quality. Eliminating a division within the agency will help to increase efficiencies within the department's existing budget, including the Ombudsman Program and additional satellite offices.

Moving Missouri Forward

"Building on the accomplishments of 2005, together we will continue working towards a brighter future for all Missourians."

- Matt Blunt

Education

Education is and will remain the state's top public policy priority. The Governor is committed to seeing that education receives more funding each year and to fully funding the new foundation formula for Missouri schools.

This year, Governor Blunt has proposed an initiative called Our Students First. Our Students First asks school district administrators to do just that, put their students first when budget decisions are being made and direct at least 65 cents of every operating dollar to their classrooms. With the passage of a new foundation formula in 2005, now is the time for Missourians to decide the level and type of accountability that they want with the tax dollars they send to their schools to educate their children and the children in their community.

The Governor's goal is to improve education and the Governor is willing to work with the General Assembly, administrators, teachers, and anyone who wants to move education forward in Missouri to improve the provisions of the Our Students First Initiative. The definition of classroom expenditures that has been proposed is based on a national definition. This definition is a good starting point, but could be changed to better meet the needs of Missouri students.

Missouri students deserve the best. Education is, and always will be, the strongest weapon against tyranny and oppression, and the most useful tool in helping the state's young people achieve their goals. A government that has failed its students has failed to look to the future.

Strengthening Missouri's Sex Offender Laws

Missouri's future is also dependent on the tools that lawmakers give law enforcement officials to protect the people. In 2005, meaningful legislation to end the harmful methamphetamine epidemic that was threatening Missouri and many Missouri families was enacted along with aggressive legislation to strengthen Missouri's laws to punish sex offenders. This year, we must go further. Missouri lawmakers must examine the state's laws and improve them to protect our children, prevent instances of heinous sexual crimes against children, and severely punish those who prey on children.

Governor Blunt proposes implementing tougher penalties to keep these offenders away from Missouri's children. Changes to the law should be made to mandate a minimum sentence of 25 years in prison for a first offense of statutory rape or statutory sodomy involving a child under 13. To prevent these offenders from re-offending, Governor Blunt proposes requiring lifetime supervision of offenders who have committed statutory rape or statutory sodomy against a child less than 13 years old.

Missouri classifies certain offenders as being Persistent Sexual Offenders and Predatory Sexual Offenders. In order to ensure that these individuals are never able to harm any Missourian again, Governor Blunt proposes increasing sentencing for these individuals.

Giving parents the tools to protect their children from sex offenders is of the utmost importance. Improving the state's sex offender registry to mandate more frequent reporting periods in order to update information and distinguishing characteristics would do just this. Offenders would also be required to provide an updated picture for the registry annually.

Sexual crimes against children are particularly offensive and scarring to young people, and even one crime against a child is one crime too many. Governor Blunt looks forward to working with the General Assembly and Missouri's law enforcement officials to craft good, dissuasive, and effective legislation to protect Missouri's children and punish those who prey on them.

Enacting Meaningful Pro-Life Legislation and Policies

A majority of Missourians share Governor Blunt's commitment to the sanctity of life, and the Governor is committed to representing those values and enacting strong and meaningful legislation to reduce abortions in the state.

The Governor supports legislation to prohibit abortion providers from teaching in Missouri schools. Missouri's young people should be taught responsible sexual behavior, but they should be taught first by their parents and they should never be taught by a provider of a procedure that many Missourians find morally offensive. To allow these organizations into schools violates a trust and a respect that must exist between parents and schools.

Governor Blunt also supports conscience protection for pharmacists who object on moral grounds to filling prescriptions for RU-486 or the so-called morning after pill. Doctors cannot be compelled to perform a procedure they believe to be wrong, and Missouri pharmacists should have that same protection.

Governor Blunt has also proposed a change in the law to allow tax credits for contributions to organizations that offer alternatives to abortion. There are many pregnancy resource centers and crisis pregnancy centers across the state. They exist mainly thanks to the generosity of donors and the dedication of many volunteers and staff. Choosing birth, rather than abortion, is a brave decision by a young woman and these successful programs offer the support, and in many cases, love and friendship that these young women need to make that choice.

Responsible Use of Eminent Domain

In June 2005, the United States Supreme Court issued a decision in *Kelo v. City of New London* that greatly expanded the right of government to seize private property—a home, farm, or small business—and give it to other private persons or entities just because they can generate greater tax and other revenues.

Governor Blunt believes this decision was wrong, and that in Missouri, it is in the public’s interest to determine the appropriate use by government of eminent domain. Governor Blunt believes a balance must be struck to protect property owners’ rights and to allow the taking of private property only where there is a clear and direct public purpose. In June, shortly after the Supreme Courts decision in *Kelo*, the Governor appointed an Eminent Domain Task Force to examine Missouri’s laws and make recommendations for improvements.

Based on those recommendations, Governor Blunt believes that lawmakers must define “just compensation”, “blight”, “public use”, and “good faith negotiations”. Missouri lawmakers should strive to ensure that property owners are made aware of their rights and there is adequate time for property owners to engage in the process.

The law should also allow for mediation and recovery for private property owners and protect landowners if a condemning authority acts in bad faith or does not use the property for its original purpose within a given timeframe.

Eminent domain powers should also be limited to elected officials or their representatives and require governments to consider alternate routes and sites.

The Governor supported all the Taskforce recommendations and looks forward to working with the House and Senate to pass strong eminent domain laws that will protect the rights of private property owners.

Statewide 10 Percent Ethanol Standard

In 2005, a new ethanol plant in Missouri came online, bringing Missouri's total operating ethanol plants to three, with a fourth expected to be in production in fall of 2006. The three plants produce approximately 115 million gallons of ethanol per year and add value to over 13 percent of Missouri's corn crop.

Ethanol has great economic benefits to the state. A study done in 2002 estimated that with five ethanol plants in Missouri the state would see almost 9,000 new jobs and more than \$87 million in new state and federal taxes. Missouri is well on its way to fulfilling that forecast.

Agriculture is an important part of Missouri's heritage, history, and future. Renewable fuels offer not only an opportunity for Missouri's farm families but an opportunity for Missouri and the nation to decrease our dependence on foreign oil, use more of this clean burning fuel, and improve the environment.

The Governor hopes to build on last year's success of the passage of full funding for Missouri's Qualified Ethanol Producer Incentive Fund by implementing a new ten percent ethanol standard for Missouri motor fuels. Missouri would be only the fourth state in the nation to adopt such a standard. Passage of this legislation will make Missouri a leader in both ethanol production and utilization.

The Missouri State Government Review Commission

The bi-partisan Missouri State Government Review Commission (MSGRC) has completed its recommendations for improving Missouri State Government and presented those recommendations to Governor Blunt. The Governor has:

- Directed all state help and information lines, excluding crisis hotlines, be consolidated to allow Missouri citizens a single point of entry for state services. The state currently operates more than 50 help, information, or assistance lines. The Commissioner of Administration will oversee this effort. *(MSGRC recommendation number 40)*
- Called for a reorganization of the Department of Economic Development into a new results-driven unit. The department reorganization that was recently completed will provide coordinated and efficient service to businesses and communities and will lead to improved job creation, increased private investment, increased state, local, and private coordination, and greater economic opportunities for Missourians. *(MSGRC recommendation number 48)*
- Directed the Department of Agriculture to give increased emphasis to agricultural business development services, strengthen animal health services and agricultural export services, and develop new programs for youth and beginning farmers. *(MSGRC recommendation number 14)*
- Directed the Department of Public Safety to create and oversee a statewide emergency communications system. The system will fill in the gaps to ensure that federal, state, and local agencies can effectively communicate. *(MSGRC recommendation number 75)*
- Directed the Office of Administration to determine if it would benefit the state to pursue a consolidated health plan across all agencies. *(MSGRC recommendation number 17)*

- Directed that the review of unclaimed property reports submitted to the State Treasurer's Office by insurance companies be transferred from the Department of Insurance to the State Treasurer's Office. (*MSGRC recommendation number 21*)
- Directed all executive departments to use available resources to create strategically planned, goal-oriented, performance-driven programs to produce higher quality public services. (*MSGRC recommendation number 29*)
- Directed the Department of Elementary and Secondary Education to examine the best practices nationally to improve service delivery for severely handicapped children. (*MSGRC recommendation number 72*)
- Directed the Division of Fire Safety and the Missouri State Emergency Management Agency to coordinate hazardous materials training. (*MSGRC recommendation number 79*).

The Governor will continue to consider the remaining recommendations and will announce his intentions as they are finalized.

THE MISSOURI BUDGET FISCAL YEAR 2007 BUDGET SUMMARY

I. OVERVIEW

Governor Blunt's Fiscal Year 2007 budget recommendations continue his pledge for education funding increases each year, and that he will never withhold funds from public schools. The greatest responsibility of the state is to provide a quality public education to Missouri school children. Governor Blunt's policies mirrors those of his fellow Missourians - expecting government agencies to work efficiently and effectively to achieve goals. Sound budgeting practices by the state are essential if Missouri is to progress. The state must limit the number of tasks it takes on, as it cannot be all things to all people. And for those functions it does assume, it must provide the highest level of service with minimal resources. The excellent state work force must be adequately compensated and allowed to be innovative so that they can deliver the high quality service they strive to provide.

In order to continue his practice of presenting a balanced budget, the Governor recommends core reductions totaling \$417.8 million, including \$101.9 million general revenue, attained through greater efficiencies and redirection of resources. His Fiscal Year 2007 budget trims the state's workforce to fewer than 60,000 positions, a level the state has not been below since Fiscal Year 1999.

Highlights of Governor Blunt's Fiscal Year 2007 budget recommendations can be found in the Policy Summary section.

II. REVIEW OF THE FISCAL YEAR 2006 BUDGET

State revenue collections have continued to grow at a steady pace. The December revision to the consensus revenue estimate resulted in an increase in estimated growth, rising to 4.9 percent, based largely on the

strength of personal and corporate income taxes stemming from increased economic activity in Missouri. However, net growth has been diminished by a surge of taxpayer refunds paid out in the early months of the year. In addition, supplemental appropriations necessary to continue current state programs have proven to be considerably higher than the amount set aside for that purpose in the Fiscal Year 2006 budget. Despite this, the Fiscal Year 2006 budget remains balanced. However, should revenue collections fail to reach forecasted levels, Governor Blunt is prepared to exercise his constitutional duty to restore balance through withholding of funds.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

The performance of the U.S. economy in Calendar Year 2005 was quite spectacular, especially considering Hurricanes Katrina, Rita, and Wilma, and the devastating loss of jobs, property damage, and skyrocketing energy prices that followed. Despite this, employment continues to grow, personal income is rising at a strong rate, and corporate profits are at an all-time high. While on the rise, inflation rates remain low by historical standards, especially if volatile energy prices are excluded.

The U.S. economy will continue to grow in Calendar Year 2006, though a shift from growth in consumer spending to growth in business investment is expected as the current expansion matures. For Calendar Year 2006, real GDP is expected to rise by 3.8 percent, slightly above what is considered "trend" growth. Employment is expected to grow by about 2 million jobs, or an average of 1.5 percent, while unemployment is projected to be below 5 percent. Personal income is expected to increase by over 6 percent, indicative of continued growth in both salaries and non-

wage earnings. Consumer expenditures are anticipated to increase by 5.6 percent, but much of this increase is due to relatively high prices for gasoline and other energy products. The inflation rate as measured by the Consumer Price Index is expected to average 2.8 percent in 2006, with core inflation rising only modestly. The Federal Reserve will most likely continue to raise interest rates. Economic forecasts indicate corporations will continue to enjoy profit gains, but at a slower rate of growth as labor markets tighten and interest rates rise. These overall trends should continue into Calendar Year 2007.

This overall favorable outlook is supported by the following factors:

- Energy prices are expected to decline slightly from record summer highs. Oil prices declined from historical highs of over \$68 per barrel in August 2005 to around \$52 per barrel by mid-December. Oil prices are expected to gradually decline through 2006 and 2007 to about \$52 per barrel.
- Consumer spending will remain relatively strong, supported by strong personal income growth.
- Business investment is expected to expand as increased profits and high productivity have provided ample financing for capital outlays.
- Net exports are expected to increase moderately as a weaker dollar makes U.S. goods and services abroad more affordable.

However, while the U.S. economy continues to rebound, substantial downside risks remain. For instance:

- The nation's energy infrastructure remains precarious and seemingly vulnerable, and global demand for oil continues to rise. Although oil prices have declined, and are expected to do so slightly over the next couple of years, any sudden disruptions in supply or increases in demand would trigger a rebound in volatile energy prices.
- Rising interest rates could cool consumer spending more than expected. Sales of new and existing homes, as well as construction and home improvement materials, will likely fade. Similarly, consumers may be wary of "big-ticket" electronics and appliances in this environment. Further, households may decide to increase their saving rates.

- Global economics could diminish growth in the U.S. The trade deficit between the U.S. and its partners continues to grow, and may be approaching unsustainable levels. Should foreign investment in the U.S. wane, a slow-down in U.S. growth could occur.
- A major terrorist attack on American soil or against U.S. interests abroad could derail economic activity.

Missouri Economic Position

The Missouri economy has surged forward in Calendar Year 2005, and is projected to show stable growth over the budget horizon. Employment grew by nearly 28,000 jobs, on average, over the first three quarters of 2005 and employment growth is steadily increasing, driven by job gains mainly in the service industries. Personal income over this same time frame has grown by 5.6 percent, driven by growth in wages and salaries over 6 percent. However, the base realignment and closure recommendations will negatively impact this growth in 2006, as Missouri is expected to suffer a direct loss of over 3,000 jobs and even more jobs indirectly. Further, Missouri's manufacturing and auto industries continue to struggle with challenges related to outside competition, high energy prices, and reduced demand. High energy prices will weigh on Missouri's service and agriculture sectors as well. In spite of these obstacles, personal income is expected to grow 6.2 percent in Missouri in Calendar Year 2006, and a still respectable 4.1 percent in Calendar Year 2007.

Economic Projections		
	Increase	
<u>U.S.</u>	<u>Calendar Year 2006</u>	<u>Calendar Year 2007</u>
Real GDP	3.8 %	3.5 %
Total Employment	1.5 %	1.4 %
Unemployment Rate	4.9 %	5.0 %
Personal Income	6.4 %	6.2 %
Consumer Expenditures	5.3 %	5.6 %
Consumer Prices	2.8 %	2.0 %
 <u>MISSOURI</u>		
Total Employment	2.2 %	1.0 %
Personal Income	6.2%	4.1%

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2006 AND 2007

Revenue forecasting is a difficult task under the best of circumstances. Dynamic energy prices and the uncertainties they create further complicate this task. Nonetheless, the state must move ahead with its budget based on the best available economic information. Governor Blunt is committed to working constructively with members of the legislature to ensure the state follows sound budget policies. As a first step, the Governor worked with legislative leaders to develop a consensus revenue estimate.

Reasonable general revenue growth is expected in the coming fiscal year. The revised Fiscal Year 2006, and initial Fiscal Year 2007, revenue estimates project net growth of 4.9 percent and 4.5 percent, respectively. Fiscal Year 2007 will continue to feel the effects of the implementation of the 2004 transportation ballot initiative, Constitutional Amendment No. 3. This will lower general revenue collections by an estimated \$30 million.

V. REVENUE LIMITATION AMENDMENT

Article X of the Missouri Constitution established a revenue and spending limit on state government. The limit is about 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2004 were below the total state revenue limit by \$1.5 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2006 or 2007. These preliminary calculations are subject to change as actual state revenue collections become known and as the federal government revises its estimates of Missouri personal income. These projections could change if the General Assembly were to pass legislation to increase revenue without a vote of the people. Per Article X of the Missouri Constitution, revenue increases approved by the voters are not subject to the revenue and spending limit.

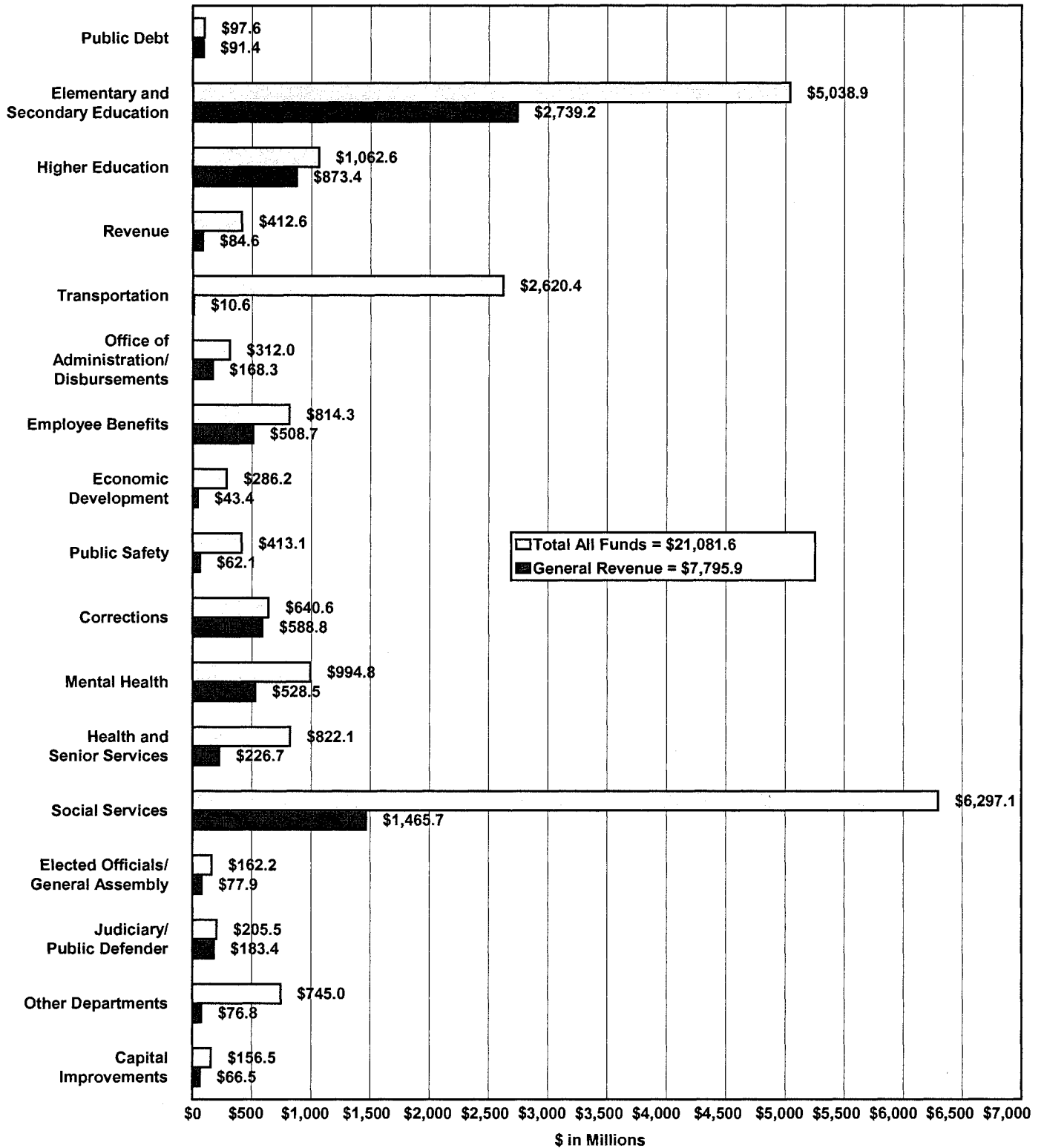
MISSOURI MEDICAID PROGRAM

	FY 2005	FY 2006 w/ Supplementals	FY 2007
General Revenue	\$1,248,740,225	\$1,205,797,975	\$1,402,717,670
Federal Funds	3,025,455,431	3,225,577,710	3,426,796,644
Other Funds	1,454,977,447	1,339,209,627	1,220,657,314
	\$5,729,173,103	\$5,770,585,312	\$6,050,171,628

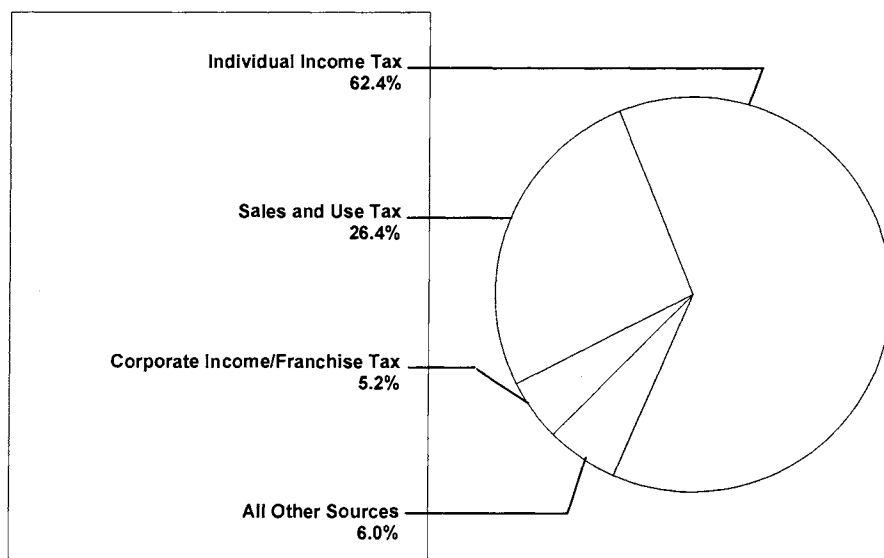
The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort begun in 1965 to meet the health care needs of those who cannot pay for their own care. The program health care services include hospital, physician, pharmacy, skilled nursing home care, home health care, mental health, and managed care. While states must meet certain minimum criteria, each state can establish eligibility guidelines, benefit packages, and provider payment rates for their state Medicaid Program. For Fiscal Year 2007, the Missouri Medicaid Program totals just over \$6 billion. Health care services will be delivered to approximately 900,000 of Missouri's neediest citizens, including the elderly, the disabled, children, and pregnant women, through the Medicaid, SCHIP (State Children's Health Insurance Program), and State Medical programs.

The chart includes Medicaid funding in the departments of Social Services, Mental Health, Elementary and Secondary Education, and Health and Senior Services. The dollars are budget expenditure and appropriation amounts, and do not include Local and Certified Match funds for other allowable Title XIX claims.

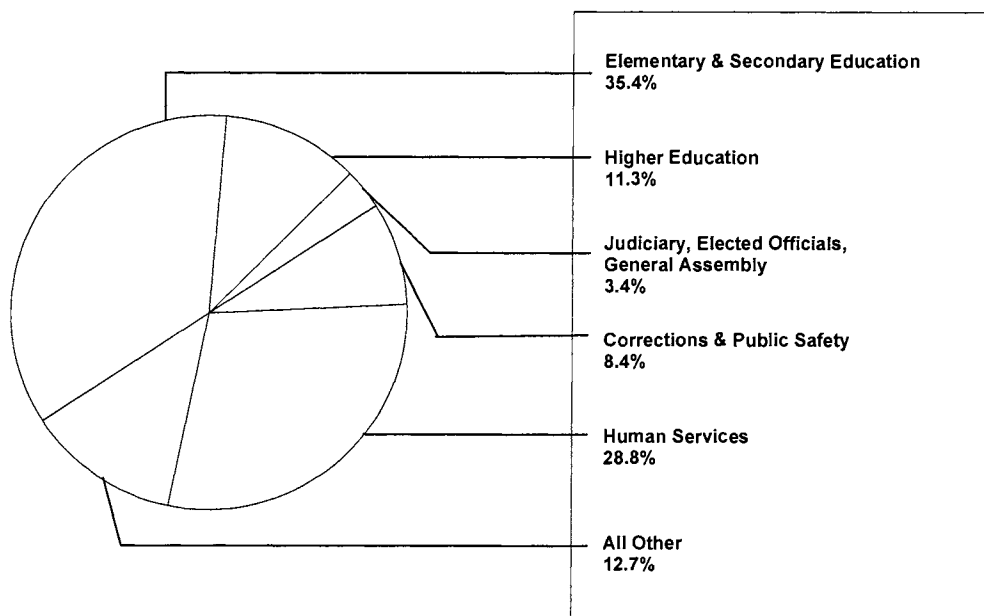
FY 2007 BUDGET RECOMMENDATIONS



**REVENUES
GENERAL REVENUE RECEIPTS
AND TRANSFERS
FISCAL YEAR 2007**

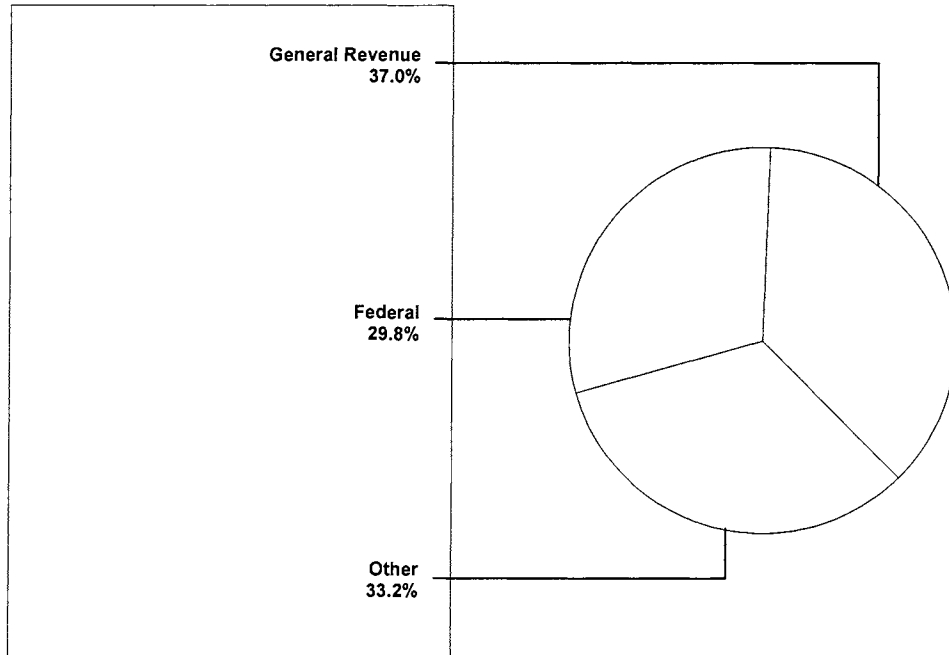


**EXPENDITURES*
GENERAL REVENUE OPERATING BUDGET
FISCAL YEAR 2007**

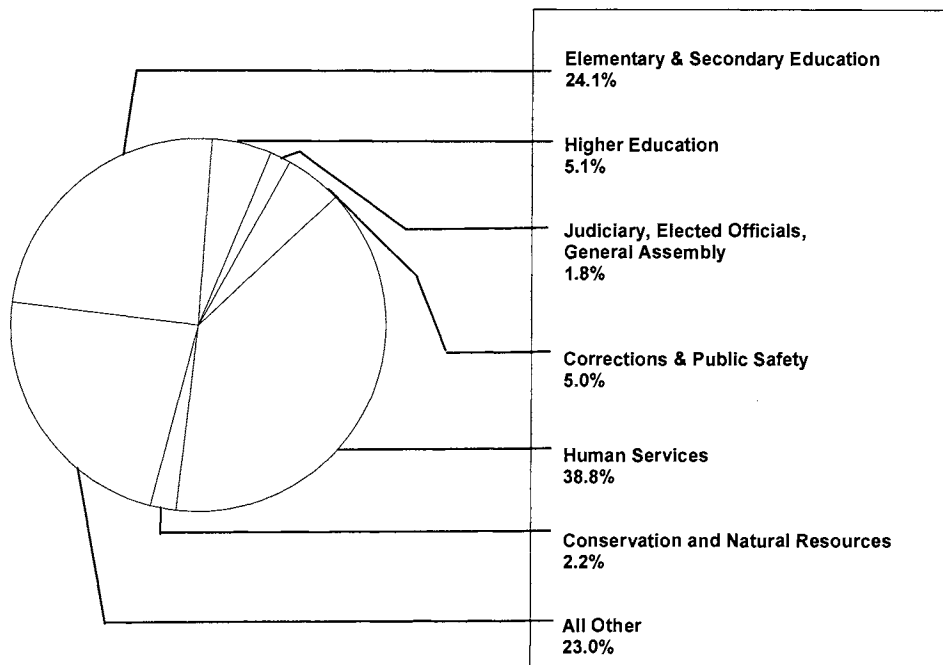


*Excludes refunds

**TOTAL STATE OPERATING BUDGET
SOURCES OF FUNDS*
FISCAL YEAR 2007**



**EXPENDITURES*
ALL FUNDS OPERATING BUDGET
FISCAL YEAR 2007**



*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	<u>Receipts</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>
<u>Collections</u>			
Individual Income Tax	\$ 4,859,295,316	\$ 5,203,500,000	\$ 5,521,500,000
Sales and Use Tax	1,957,778,535	1,996,100,000	2,038,700,000
Corporate Income/Franchise Tax	473,835,919	575,000,000	602,600,000
County Foreign Insurance Tax	165,513,007	170,500,000	174,800,000
Liquor Tax	22,980,885	23,500,000	24,000,000
Beer Tax	8,179,281	8,500,000	8,600,000
Inheritance/Estate Tax	42,221,932	11,000,000	0
Interest on Deposits and Investments	18,754,871	25,900,000	26,700,000
Federal Reimbursements	86,749,911	75,600,000	71,400,000
All Other Sources	147,438,672	145,500,000	135,100,000
Total General Revenue Collections	7,782,748,329	8,235,100,000	8,603,400,000
Refunds	(1,071,058,886)	(1,195,300,000)	(1,245,100,000)
Net General Revenue Collections	\$ 6,711,689,443	\$ 7,039,800,000	\$ 7,358,300,000
<u>Transfers</u>			
Regular transfers	103,733,935	120,327,858	91,471,553
Revenue Bond transfer	45,177,526	0	0
Healthy Families Trust Fund	72,149,994	84,089,532	44,609,865
Total Transfers	221,061,455	204,417,390	136,081,418
Total Net General Revenue Collections and Transfers	\$ 6,932,750,898	\$ 7,244,217,390	\$ 7,494,381,418

Note: The FY 2006 and FY 2007 collection amounts reflect the consensus revenue estimate.

GENERAL REVENUE SUMMARY

<u>RESOURCES</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Beginning Balance	\$ 376,167,466	\$ 185,631,922	\$ 304,820,443
Previous Year's Lapse (1)	112,382,543	114,671,416	87,000,000
Revenue Collections	7,782,748,329	8,235,100,000	8,603,400,000
Refunds	(1,071,305,603)	(1,195,300,000)	(1,245,100,000)
Transfers to Fund	175,883,929	204,417,390	136,081,418
Revenue Bonds	45,177,526	0	0
Total Resources Available	\$ 7,421,054,190	\$ 7,544,520,728	\$ 7,886,201,861
<u>OBLIGATIONS</u>			
Operating Appropriations	\$ 7,128,595,226	\$ 7,138,727,756	\$ 7,729,442,237
Capital Improvements Appropriations	47,164,263	32,655,015	66,502,987
Confirmed lapse/withholdings (2)	(75,219,990)	(56,858,718)	0
Supplementals/increased estimates	134,882,769	125,176,232	90,000,000
Total Obligations	7,235,422,268	7,239,700,285	7,885,945,224
Ending Balance	\$ 185,631,922	\$ 304,820,443	\$ 256,637

NOTES TO GENERAL REVENUE SUMMARY

- (1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.
- (2) Withholding in Fiscal Year 2005 was \$41,552,747 appropriated to be transferred to the Facilities Maintenance and Reserve Fund.

FY 2007 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill		FY 2005 Expenditure	FY 2006 Appropriation	Governor's Recommendation FY 2007
1	<u>Public Debt</u>			
	General Revenue	\$ 100,301,314	\$ 104,855,732	\$ 91,358,692
	Federal Funds	0	0	0
	Other Funds	980,106	1,002,235	6,287,634
	Total	\$ 101,281,420	\$ 105,857,967	\$ 97,646,326
2	<u>Elementary and Secondary Education</u>			
	General Revenue	\$ 2,568,539,993	\$ 2,558,361,252	\$ 2,739,179,155
	Federal Funds	865,603,835	948,302,067	968,747,262
	Other Funds	1,201,276,384	1,336,789,504	1,330,973,190
	Total	\$ 4,635,420,212	\$ 4,843,452,823	\$ 5,038,899,607
3	<u>Higher Education</u>			
	General Revenue	\$ 834,519,478	\$ 855,961,813	\$ 873,380,919
	Federal Funds	3,708,882	6,247,638	6,468,111
	Other Funds	148,923,952	183,805,883	182,795,878
	Total	\$ 987,152,312	\$ 1,046,015,334	\$ 1,062,644,908
4	<u>Revenue</u>			
	General Revenue	\$ 76,582,278	\$ 95,788,938	\$ 84,555,411
	Federal Funds	6,322,475	7,644,994	6,404,905
	Other Funds	357,773,217	324,789,987	321,681,314
	Total	\$ 440,677,970	\$ 428,223,919	\$ 412,641,630
4	<u>Transportation</u>			
	General Revenue	\$ 11,759,808	\$ 11,489,115	\$ 10,609,321
	Federal Funds	51,989,494	57,431,590	53,751,383
	Other Funds	1,687,609,010	1,656,709,297	2,556,008,488
	Total	\$ 1,751,358,312	\$ 1,725,630,002	\$ 2,620,369,192
5	<u>Office of Administration</u>			
	General Revenue	\$ 166,602,191	\$ 146,838,265	\$ 168,292,135
	Federal Funds	6,366,349	16,116,423	76,306,928
	Other Funds	8,183,529	9,157,399	67,368,627
	Total	\$ 181,152,069	\$ 172,112,087	\$ 311,967,690
5	<u>Employee Benefits</u>			
	General Revenue	\$ 455,603,218	\$ 475,323,434	\$ 508,709,495
	Federal Funds	129,439,286	147,578,286	160,837,877
	Other Funds	129,106,401	141,568,823	144,728,612
	Total	\$ 714,148,905	\$ 764,470,543	\$ 814,275,984
6	<u>Agriculture</u>			
	General Revenue	\$ 14,530,608	\$ 16,484,499	\$ 22,742,779
	Federal Funds	1,962,335	5,443,995	4,683,906
	Other Funds	9,837,002	15,695,405	14,675,244
	Total	\$ 26,329,945	\$ 37,623,899	\$ 42,101,929

THE MISSOURI BUDGET

FY 2007 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	<u>FY 2005 Expenditure</u>	<u>FY 2006 Appropriation</u>	Governor's Recommendation <u>FY 2007</u>
6 <u>Natural Resources</u>			
General Revenue	\$ 7,815,188	\$ 6,641,165	\$ 10,547,582
Federal Funds	33,258,642	44,618,355	42,796,821
Other Funds	276,974,388	275,700,354	270,789,147
Total	\$ 318,048,218	\$ 326,959,874	\$ 324,133,550
6 <u>Conservation</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	121,944,528	137,196,601	141,798,873
Total	\$ 121,944,528	\$ 137,196,601	\$ 141,798,873
7 <u>Economic Development</u>			
General Revenue	\$ 39,291,273	\$ 35,509,307	\$ 43,420,460
Federal Funds	153,300,568	163,032,156	158,714,384
Other Funds	48,187,648	73,135,407	84,084,862
Total	\$ 240,779,489	\$ 271,676,870	\$ 286,219,706
7 <u>Insurance</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	439,248	600,000	600,000
Other Funds	11,933,207	13,848,508	13,038,692
Total	\$ 12,372,455	\$ 14,448,508	\$ 13,638,692
7 <u>Labor and Industrial Relations</u>			
General Revenue	\$ 2,518,257	\$ 2,490,016	\$ 2,269,725
Federal Funds	43,253,253	60,408,140	55,793,665
Other Funds	96,800,155	102,476,778	95,166,771
Total	\$ 142,571,665	\$ 165,374,934	\$ 153,230,161
8 <u>Public Safety</u>			
General Revenue	\$ 43,654,130	\$ 64,597,706	\$ 62,084,170
Federal Funds	102,993,602	73,980,467	82,673,604
Other Funds	227,699,250	248,704,784	268,364,804
Total	\$ 374,346,982	\$ 387,282,957	\$ 413,122,578
9 <u>Corrections</u>			
General Revenue	\$ 508,151,066	\$ 516,768,254	\$ 588,794,545
Federal Funds	4,730,775	8,139,981	8,587,041
Other Funds	30,611,250	42,840,685	43,231,872
Total	\$ 543,493,091	\$ 567,748,920	\$ 640,613,458
10 <u>Mental Health</u>			
General Revenue	\$ 512,762,733	\$ 514,691,270	\$ 528,537,608
Federal Funds	350,620,718	420,634,421	429,730,277
Other Funds	36,275,528	35,837,786	36,553,990
Total	\$ 899,658,979	\$ 971,163,477	\$ 994,821,875

FY 2007 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill		FY 2005 Expenditure	FY 2006 Appropriation	Governor's Recommendation FY 2007
10	<u>Health and Senior Services</u>			
	General Revenue	\$ 69,755,302	\$ 214,031,019	\$ 226,739,122
	Federal Funds	291,842,477	564,482,938	567,989,950
	Other Funds	34,214,460	51,777,756	27,366,292
	Total	\$ 395,812,239	\$ 830,291,713	\$ 822,095,364
11	<u>Social Services</u>			
	General Revenue	\$ 1,440,510,824	\$ 1,251,364,386	\$ 1,465,735,145
	Federal Funds	3,367,567,010	3,330,554,576	3,551,623,620
	Other Funds	1,508,821,674	1,359,204,109	1,279,779,638
	Total	\$ 6,316,899,508	\$ 5,941,123,071	\$ 6,297,138,403
12	<u>Elected Officials</u>			
	General Revenue	\$ 44,503,179	\$ 42,922,819	\$ 45,924,199
	Federal Funds	15,404,560	75,071,079	38,181,093
	Other Funds	31,122,470	44,248,716	45,933,279
	Total	\$ 91,030,209	\$ 162,242,614	\$ 130,038,571
12	<u>Judiciary</u>			
	General Revenue	\$ 140,697,623	\$ 140,367,340	\$ 153,996,581
	Federal Funds	5,531,703	12,881,488	9,700,642
	Other Funds	8,393,255	9,212,166	10,279,339
	Total	\$ 154,622,581	\$ 162,460,994	\$ 173,976,562
12	<u>Public Defender</u>			
	General Revenue	\$ 28,461,895	\$ 28,463,282	\$ 29,382,667
	Federal Funds	0	125,000	125,000
	Other Funds	1,712,172	1,968,134	1,972,829
	Total	\$ 30,174,067	\$ 30,556,416	\$ 31,480,496
12	<u>General Assembly</u>			
	General Revenue	\$ 29,369,558	\$ 30,968,402	\$ 31,951,856
	Federal Funds	0	0	0
	Other Funds	88,402	192,691	193,567
	Total	\$ 29,457,960	\$ 31,161,093	\$ 32,145,423
13	<u>Statewide Leasing</u>			
	General Revenue	\$ 23,852,224	\$ 24,809,742	\$ 41,230,670
	Federal Funds	13,343,549	13,607,866	19,871,762
	Other Funds	5,422,252	4,997,725	9,001,137
	Total	\$ 42,618,025	\$ 43,415,333	\$ 70,103,569
14	<u>Supplemental Recommendations</u>			
	General Revenue		\$ 68,596,352	
	Federal Funds		89,037,080	
	Other Funds		50,015,170	
	Total		\$ 207,648,602	

THE MISSOURI BUDGET

FY 2007 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2005 <u>Expenditure</u>	FY 2006 <u>Appropriation</u>	Governor's Recommendation <u>FY 2007</u>
15	<u>Supplemental Recommendations</u>		
	General Revenue	\$ 6,079,746	
	Federal Funds	0	
	Other Funds	6,079,746	
	Total	\$ 12,159,492	
	<u>Total Operating Budget</u>		
	General Revenue	\$ 7,119,782,140	\$ 7,213,403,854
	Federal Funds	5,447,678,761	6,045,938,540
	Other Funds	5,983,890,240	6,126,955,649
	Total	\$ 18,551,351,141	\$ 19,386,298,043
18	<u>Capital Improvements - Maintenance and Repair</u>		
	General Revenue	\$ 12,207,089	\$ 20,200,000
	Federal Funds	3,882,878	3,025,002
	Other Funds	12,714,841	15,116,060
	Total	\$ 28,804,808	\$ 38,341,062
19	<u>Capital Improvements - Construction</u>		
	General Revenue	\$ 1,000	\$ 12,455,015
	Federal Funds	9,282,073	76,209,557
	Other Funds	26,157,446	28,196,687
	Total	\$ 35,440,519	\$ 116,861,259
21	<u>Capital Improvements - Construction</u>		
	General Revenue	\$ 475,798	\$ 0
	Federal Funds	0	0
	Other Funds	14,659,849	0
	Total	\$ 15,135,647	\$ 0
	<u>Total Capital Improvements Budget</u>		
	General Revenue	\$ 12,683,887	\$ 32,655,015
	Federal Funds	13,164,951	79,234,559
	Other Funds	53,532,136	43,312,747
	Total	\$ 79,380,974	\$ 155,202,321
	<u>GRAND TOTAL</u>		
	General Revenue	\$ 7,132,466,027	\$ 7,246,058,869
	Federal Funds	5,460,843,712	6,125,173,099
	Other Funds	6,037,422,376	6,170,268,396
	Total	\$ 18,630,732,115	\$ 19,541,500,364

FY 2005 expenditures do not include refunds of \$1,118,991,255, including \$1,071,274,137 general revenue.

FY 2006 appropriations do not include refunds of \$1,222,460,550, including \$1,179,376,271 general revenue.

FY 2007 Governor's recommendations do not include refunds of \$1,293,875,368, including \$1,245,276,271 general revenue.

**SUPPLEMENTAL RECOMMENDATIONS
FISCAL YEAR 2006**

	<u>GENERAL REVENUE</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Department of Elementary and Secondary Education	\$ 0	\$ 7,500,000	\$ 1,100,000	\$ 8,600,000
Department of Higher Education	7,500	0	0	7,500
Department of Revenue	7,000	0	6,209	13,209
Department of Transportation	0	0	2	2
Office of Administration	2,000,002	0	1	2,000,003
Department of Agriculture	29,415	13,542	50,144	93,101
Department of Economic Development	2,255,415	0	2,557,743	4,813,158
Department of Insurance	0	0	50,000	50,000
Department of Public Safety	5,073,184	1,037,237	498,851	6,609,272
Department of Corrections	8,630,869	0	0	8,630,869
Department of Mental Health	14,527,682	7,372,343	500,000	22,400,025
Department of Health and Senior Services	3,141,985	2,924,369	0	6,066,354
Department of Social Services	38,723,596	70,189,589	50,593,498	159,506,683
Judiciary	72,130	0	693,231	765,361
Elected Officials	207,320	0	45,237	252,557
TOTAL HOUSE BILLS 1014 AND 1015	\$ 74,676,098	\$ 89,037,080	\$ 56,094,916	\$ 219,808,094

PUBLIC DEBT

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 3,770	\$ 20,002	\$ 20,002	\$ 20,002
Fourth State Building Bonds	13,649,898	16,235,514	17,086,832	17,086,832
Water Pollution Control Bonds	35,137,798	35,909,635	26,963,102	26,963,102
Stormwater Control Bonds	3,123,201	3,183,528	2,579,527	2,579,527
Third State Building Bonds	49,366,753	50,509,288	50,996,863	50,996,863
TOTAL	\$ 101,281,420	\$ 105,857,967	\$ 97,646,326	\$ 97,646,326
General Revenue Fund	100,301,314	104,855,732	96,641,835	91,358,692
Water and Wastewater Loan Revolving Fund	980,106	1,002,235	1,004,491	6,287,634
Full-time equivalent employees	0.00	0.00	0.00	0.00

State of Missouri general obligation bond issues consistently have received the highest, "Triple A", ratings from Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings. Missouri is one of only six states that has this rating from all three rating organizations. The other states are Georgia, Utah, Virginia, Maryland, and Delaware. General obligation bonds can only be issued through voter-approved amendments to the state constitution. Currently, outstanding general obligation bonds are for the four purposes identified below.

Fourth State Building Bonds: In August 1994, Missouri voters approved a fourth state building bond issue to provide essential prison capacity, new residential beds for juvenile offenders, and significant new higher education construction and renovation.

Water Pollution Control Bonds: Water pollution control bond proceeds help local governments construct wastewater and stormwater control facilities and improve public drinking water systems. These infrastructure improvements support local economic development, protect Missouri waterways from pollution, and help ensure safe drinking water supplies.

Stormwater Control Bonds: In November 1998, Missouri voters approved a separate stormwater control bond issue of \$200 million for stormwater control plans, studies, and projects.

Third State Building Bonds: In 1982, Missouri voters approved \$600 million in bonds to be issued for improvements to state buildings and property.

PUBLIC DEBT

ADMINISTRATION OF PUBLIC DEBT

The Board of Fund Commissioners administers the general obligation bonded indebtedness of the state. The board is comprised of the following members pursuant to Section 33.300, RSMo: Governor, Lieutenant Governor, Attorney General, State Auditor, State Treasurer, and Commissioner of Administration. Administrative expenses are associated with the sale and processing of the state's general obligation bonds. The board directs the payment of principal and interest on state debt. General obligation bonds issued by the State of Missouri are rated "Triple A" by Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings. In addition, the Board of Fund Commissioners is obligated to repay to the United States Treasury excess interest earnings (arbitrage rebate) on water pollution control bonds, stormwater control bonds, third state building bonds, and fourth state building bonds.

Fiscal Year 2007 Governor's Recommendations

- \$20,002 to continue funding at the current level.

FOURTH STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$250 million in fourth state building bonds under the provisions of Article III, Section 37, Missouri Constitution to be used for capital improvement projects at state facilities and higher education institutions. Bond sales were authorized by the General Assembly in Fiscal Year 1995, and bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$50 million on June 1, 1998, all \$250 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on fourth state building bonds now outstanding. The money is transferred from general revenue to the Fourth State Building Bond and Interest Fund one year in advance of its appropriation.

Fiscal Year 2007 Governor's Recommendations

- \$17,086,832 for the transfer of general revenue for debt service on fourth state building bonds currently outstanding.

PUBLIC DEBT

SUMMARY OF FOURTH STATE BUILDINGS BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/06</u>
Series A 1995	2005	\$ 75,000,000	\$ 18,700,000	\$ 56,300,000	\$ 0
Series A 1996	Refunded	125,000,000	24,800,000	100,200,000	0
Series A 1998	Refunded	<u>50,000,000</u>	<u>9,030,000</u>	<u>40,970,000</u>	<u>0</u>
Totals Excluding Refunding Issues		\$ 250,000,000	\$ 52,530,000	\$ 197,470,000	\$ 0
Series A 2002 Refunding	2022	154,840,000	0	0	154,840,000
Series A 2005 Refunding	2017	<u>45,330,000</u>	<u>0</u>	<u>0</u>	<u>45,330,000</u>
Totals Including Refunding Issuances		\$ 450,170,000	\$ 52,530,000	\$ 197,470,000	\$ 200,170,000

FOURTH STATE BUILDINGS BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$ 1,380,000.00	\$ 4,311,020.00	\$ 5,691,020.00
1997	1,480,000.00	7,773,776.25	9,253,776.25
1998	4,260,000.00	11,177,882.50	15,437,882.50
1999	5,625,000.00	13,406,382.50	19,031,382.50
2000	5,900,000.00	13,077,082.50	18,977,082.50
2001	6,160,000.00	12,716,357.50	18,876,357.50
2002	6,470,000.00	12,339,770.00	18,809,770.00
2003	6,765,000.00	11,156,394.27	17,921,394.27
2004	7,080,000.00	10,498,993.76	17,578,993.76
2005	7,410,000.00	10,043,368.76	17,453,368.76
2006	0.00	8,981,897.93	8,981,897.93
2007	1,470,000.00	9,499,181.26	10,969,181.26
2008	7,780,000.00	9,306,831.26	17,086,831.26
2009	8,130,000.00	8,947,981.26	17,077,981.26
2010	10,320,000.00	8,486,731.26	18,806,731.26
2011	11,475,000.00	7,941,856.26	19,416,856.26
2012	9,415,000.00	7,419,606.26	16,834,606.26
2013	18,180,000.00	6,729,731.26	24,909,731.26
2014	10,295,000.00	6,101,503.13	16,396,503.13
2015	20,620,000.00	5,412,275.00	26,032,275.00
2016	22,200,000.00	4,341,775.00	26,541,775.00
2017	23,750,000.00	3,193,025.00	26,943,025.00
2018	12,450,000.00	2,288,025.00	14,738,025.00
2019	13,095,000.00	1,649,400.00	14,744,400.00
2020	13,700,000.00	1,039,462.50	14,739,462.50
2021	8,460,000.00	577,125.00	9,037,125.00
2022	<u>8,830,000.00</u>	<u>198,675.00</u>	<u>9,028,675.00</u>
TOTAL	\$ 252,700,000.00	\$ 198,616,110.42	\$ 451,316,110.42

Total principal includes refunding excess of \$2,700,000 which does not count toward the \$250,000,000 constitutional authorization.

PUBLIC DEBT

WATER POLLUTION CONTROL BONDS DEBT SERVICE

Missouri voters have authorized the state to sell \$725 million in water pollution control bonds under the provisions of Article III, Section 37, Missouri Constitution. Increments of bonds are then authorized by the General Assembly and issued on a cash-as-needed basis to fund wastewater treatment projects approved by the Missouri Clean Water Commission. Currently, \$544.5 million in bonds, excluding refunding issuances, have been issued. General revenue is transferred to the Water Pollution Control Bond and Interest Fund one year in advance of its appropriation for principal and interest payments.

Fiscal Year 2007 Governor's Recommendations

- \$26,963,102 Water and Wastewater Loan Revolving Fund for the transfer of funds for debt service on water pollution control bonds currently outstanding, including \$20,675,468 general revenue.

SUMMARY OF WATER POLLUTION CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/06</u>
Series A 1972	1997	\$ 20,000,000	\$ 20,000,000	\$ 0	\$ 0
Series A 1974	1999	8,000,000	8,000,000	0	0
Series B 1974	1995	15,000,000	15,000,000	0	0
Series A 1977	1997	31,494,240	31,494,240	0	0
Series A 1981	Refunded	20,000,000	3,060,000	16,940,000	0
Series A 1983	Refunded	20,000,000	3,585,000	16,415,000	0
Series B 1983	Refunded	10,000,000	375,000	9,625,000	0
Series A 1985	Refunded	20,000,000	425,000	19,575,000	0
Series A 1986	Refunded	60,000,000	13,600,000	46,400,000	0
Series B 1987	Refunded	35,000,000	4,305,000	30,695,000	0
Series A 1989	Refunded	35,000,000	7,720,000	27,280,000	0
Series A 1991	Refunded	35,000,000	7,650,000	27,350,000	0
Series A 1992	Refunded	35,000,000	8,440,000	26,560,000	0
Series A 1993	Refunded	30,000,000	7,650,000	22,350,000	0
Series A 1995	Refunded	30,000,000	7,480,000	22,520,000	0
Series A 1996	Refunded	35,000,000	6,940,000	28,060,000	0
Series A 1998	Refunded	35,000,000	6,320,000	28,680,000	0
Series A 1999	Refunded	20,000,000	2,405,000	17,595,000	0
Series A 2001	2026	20,000,000	1,975,000	0	18,025,000
Series A 2002	2028	30,000,000	2,185,000	0	27,815,000
Totals Excluding Refunding Issuances		\$ 544,494,240	\$ 158,609,240	\$ 340,045,000	\$ 45,840,000
Series A 1987 Refunding	Refunded	49,715,000	16,475,000	33,240,000	0
Series B 1991 Refunding	Refunded	17,435,000	6,080,000	11,355,000	0
Series C 1991 Refunding	Refunded	33,575,000	11,700,000	21,875,000	0
Series B 1992 Refunding	Refunded	50,435,000	16,840,000	33,595,000	0
Series B 1993 Refunding	Refunded	109,415,000	32,875,000	76,540,000	0
Series B 2002 Refunding	2022	147,710,000	15,455,000	0	132,255,000
Series A 2003 Refunding	Refunded	74,655,000	2,715,000	51,535,000	20,405,000
Series A 2005 Refunding	2017	95,100,000	0	0	95,100,000
Totals Including Refunding Issuances		\$ 1,122,534,240	\$ 260,749,240	\$ 568,185,000	\$ 293,600,000

PUBLIC DEBT

**WATER POLLUTION CONTROL BONDS
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1973	\$ 570,000.00	\$ 930,188.68	\$ 1,500,188.68
1974	485,000.00	986,240.00	1,471,240.00
1975	705,000.00	1,751,569.56	2,456,569.56
1976	1,105,000.00	2,145,455.00	3,250,455.00
1977	1,160,000.00	2,080,357.50	3,240,357.50
1978	2,129,240.00	3,259,522.70	5,388,762.70
1979	2,240,000.00	3,405,992.50	5,645,992.50
1980	2,355,000.00	3,278,505.00	5,633,505.00
1981	2,475,000.00	3,146,440.00	5,621,440.00
1982	3,135,000.00	4,730,807.06	7,865,807.06
1983	3,165,000.00	4,694,670.00	7,859,670.00
1984	3,580,000.00	6,591,015.00	10,171,015.00
1985	3,915,000.00	6,805,965.00	10,720,965.00
1986	4,325,000.00	8,378,860.00	12,703,860.00
1987	4,650,000.00	10,567,758.28	15,217,758.28
1988	4,840,000.00	11,131,392.44	15,971,392.44
1989	6,805,000.00	13,815,388.63	20,620,388.63
1990	7,225,000.00	14,573,892.38	21,798,892.38
1991	8,240,000.00	15,275,401.13	23,515,401.13
1992	8,770,000.00	14,529,565.51	23,299,565.51
1993	10,110,000.00	16,610,720.57	26,720,720.57
1994	11,540,000.00	15,670,014.33	27,210,014.33
1995	13,690,000.00	16,312,826.27	30,002,826.27
1996	13,880,000.00	17,131,521.28	31,011,521.28
1997	14,790,000.00	17,175,506.28	31,965,506.28
1998	12,605,000.00	17,258,681.28	29,863,681.28
1999	14,210,000.00	18,152,123.78	32,362,123.78
2000	14,525,000.00	17,798,035.65	32,323,035.65
2001	15,690,000.00	17,488,317.53	33,178,317.53
2002	16,375,000.00	17,663,053.78	34,038,053.78
2003	15,325,000.00	15,878,275.62	31,203,275.62
2004	12,470,000.00	15,001,903.93	27,471,903.93
2005	13,075,000.00	14,905,332.54	27,980,332.54
2006	11,130,000.00	13,014,879.19	24,144,879.19
2007	11,735,000.00	13,626,462.52	25,361,462.52
2008	13,895,000.00	13,068,100.02	26,963,100.02
2009	13,165,000.00	12,474,162.52	25,639,162.52
2010	21,670,000.00	11,604,900.02	33,274,900.02
2011	23,160,000.00	10,485,712.52	33,645,712.52
2012	38,970,000.00	8,946,553.14	47,916,553.14
2013	22,945,000.00	7,457,168.76	30,402,168.76
2014	30,510,000.00	6,272,090.01	36,782,090.01
2015	22,245,000.00	5,093,131.26	27,338,131.26
2016	20,300,000.00	4,086,637.51	24,386,637.51
2017	22,885,000.00	3,038,043.76	25,923,043.76
2018	10,855,000.00	2,210,806.26	13,065,806.26
2019	8,660,000.00	1,733,412.51	10,393,412.51
2020	6,825,000.00	1,376,075.01	8,201,075.01
2021	4,805,000.00	1,122,843.76	5,927,843.76
2022	5,020,000.00	899,778.13	5,919,778.13
2023	2,685,000.00	718,537.50	3,403,537.50
2024	2,815,000.00	585,393.75	3,400,393.75
2025	2,960,000.00	446,662.50	3,406,662.50
2026	3,110,000.00	300,893.75	3,410,893.75
2027	1,875,000.00	145,375.00	2,020,375.00
2028	1,970,000.00	49,250.00	2,019,250.00
TOTAL	\$ 554,349,240.00	\$ 467,882,168.61	\$ 1,022,231,408.61

Total principal includes refunding excess of \$9,855,000 which does not count toward the \$725 million constitutional authorization.

PUBLIC DEBT

STORMWATER CONTROL BONDS DEBT SERVICE

Missouri voters have authorized the state to sell \$200 million in stormwater control bonds under the provisions of Article III, Section 37, Missouri Constitution. Increments of bonds are then authorized by the General Assembly and issued on a cash-as-needed basis to fund stormwater control projects. Currently, \$45 million in bonds, excluding refunding issuances, have been issued. General revenue is transferred to the Stormwater Control Bond and Interest Fund one year in advance of its appropriation for payment of principal and interest.

Fiscal Year 2007 Governor's Recommendations

- \$2,579,527 for the transfer of general revenue for debt service on stormwater control bonds currently outstanding.

SUMMARY OF STORMWATER CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/06</u>
Series A 1999	Refunded	\$ 20,000,000	\$ 2,405,000	\$ 17,595,000	\$ 0
Series A 2001	2026	10,000,000	990,000	0	9,010,000
Series A 2002	2028	<u>15,000,000</u>	<u>1,090,000</u>	<u>0</u>	<u>13,910,000</u>
Totals Excluding Refunding Issuances		\$ 45,000,000	\$ 4,485,000	\$ 17,595,000	\$ 22,920,000
Series A 2005 Refunding	2016	<u>17,175,000</u>	<u>0</u>	<u>0</u>	<u>17,175,000</u>
Total Including Refunding Issuances		\$ 62,175,000	\$ 4,485,000	\$ 17,595,000	\$ 40,095,000

PUBLIC DEBT

**STORMWATER CONTROL BONDS
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 0.00	\$ 541,461.88	\$ 541,461.88
2001	445,000.00	1,070,352.51	1,515,352.51
2002	695,000.00	1,535,101.26	2,230,101.26
2003	725,000.00	1,820,680.01	2,545,680.01
2004	1,095,000.00	2,093,433.76	3,188,433.76
2005	1,145,000.00	2,037,133.76	3,182,133.76
2006	650,000.00	1,712,090.83	2,362,090.83
2007	680,000.00	1,899,170.00	2,579,170.00
2008	705,000.00	1,874,526.25	2,579,526.25
2009	730,000.00	1,848,657.50	2,578,657.50
2010	1,405,000.00	1,796,220.00	3,201,220.00
2011	1,690,000.00	1,719,582.50	3,409,582.50
2012	3,205,000.00	1,604,298.13	4,809,298.13
2013	3,850,000.00	1,435,738.76	5,285,738.76
2014	4,255,000.00	1,239,958.76	5,494,958.76
2015	4,540,000.00	1,026,943.76	5,566,943.76
2016	4,215,000.00	814,193.76	5,029,193.76
2017	1,010,000.00	686,450.01	1,696,450.01
2018	1,060,000.00	636,881.26	1,696,881.26
2019	1,110,000.00	587,818.76	1,697,818.76
2020	1,165,000.00	536,062.51	1,701,062.51
2021	1,220,000.00	480,906.26	1,700,906.26
2022	1,280,000.00	422,159.38	1,702,159.38
2023	1,340,000.00	359,143.75	1,699,143.75
2024	1,410,000.00	292,637.50	1,702,637.50
2025	1,480,000.00	223,212.50	1,703,212.50
2026	1,555,000.00	150,387.50	1,705,387.50
2027	935,000.00	72,625.00	1,007,625.00
2028	985,000.00	24,625.00	1,009,625.00
TOTAL	\$ 44,580,000.00	\$ 30,542,452.86	\$ 75,122,452.86

Total principal includes refunding excess of \$420,000 which does not count toward the \$200 million constitutional authorization.

PUBLIC DEBT

THIRD STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$600 million in third state building bonds to be used for capital improvement projects at state facilities and for specific types of local economic development projects under Article III, Section 37, Missouri Constitution. The General Assembly authorized issuance of \$75 million for Fiscal Year 1983, \$50 million for Fiscal Year 1984, \$75 million for Fiscal Year 1985, and \$400 million for Fiscal Year 1986. Bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$75 million on December 1, 1987, all \$600 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on third state building bonds now outstanding. The money is transferred from general revenue to the Third State Building Bond Interest and Sinking Fund one year in advance of its appropriation.

Fiscal Year 2007 Governor's Recommendations

- \$50,996,863 for the transfer of general revenue for debt service on third state building bonds currently outstanding.

SUMMARY OF THIRD STATE BUILDING BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/06</u>
Series A 1983	Refunded	\$ 40,000,000	\$ 7,165,000	\$ 32,835,000	\$ 0
Series B 1983	Refunded	35,000,000	1,325,000	33,675,000	0
Series A 1984	Refunded	50,000,000	1,870,000	48,130,000	0
Series A 1985	Refunded	75,000,000	1,625,000	73,375,000	0
Series A 1986	Refunded	325,000,000	73,645,000	251,355,000	0
Series B 1987	Refunded	<u>75,000,000</u>	<u>9,220,000</u>	<u>65,780,000</u>	<u>0</u>
Totals Excluding Refunding Issuances		\$ 600,000,000	\$ 94,850,000	\$ 505,150,000	\$ 0
Series A 1987 Refunding	Refunded	170,115,000	56,390,000	113,725,000	0
Series A 1991 Refunding	Refunded	34,870,000	11,935,000	22,935,000	0
Series B 1991 Refunding	Refunded	71,955,000	24,635,000	47,320,000	0
Series A 1992 Refunding	Refunded	273,205,000	92,035,000	181,170,000	0
Series A 1993 Refunding	Refunded	148,480,000	69,100,000	79,380,000	0
Series A 2002 Refunding	2013	211,630,000	58,420,000	0	153,210,000
Series A 2003 Refunding	2013	<u>75,650,000</u>	<u>21,980,000</u>	<u>0</u>	<u>53,670,000</u>
Totals Including Refunding Issuances		\$ 1,585,905,000	\$ 429,345,000	\$ 949,680,000	\$ 206,880,000

PUBLIC DEBT

**THIRD STATE BUILDING BONDS
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1984	\$ 470,000.00	\$ 4,842,987.50	\$ 5,312,987.50
1985	1,490,000.00	11,034,230.00	12,524,230.00
1986	2,270,000.00	17,725,712.50	19,995,712.50
1987	2,745,000.00	30,902,276.22	33,647,276.22
1988	5,865,000.00	36,209,164.83	42,074,164.83
1989	11,430,000.00	44,179,397.16	55,609,397.16
1990	12,280,000.00	43,153,872.16	55,433,872.16
1991	13,235,000.00	42,050,290.91	55,285,290.91
1992	14,230,000.00	37,998,667.16	52,228,667.16
1993	15,755,000.00	36,585,883.33	52,340,883.33
1994	17,280,000.00	32,547,322.96	49,827,322.96
1995	20,000,000.00	30,798,942.51	50,798,942.51
1996	21,550,000.00	29,172,938.76	50,722,938.76
1997	23,175,000.00	27,523,861.26	50,698,861.26
1998	23,985,000.00	25,883,931.26	49,868,931.26
1999	28,305,000.00	24,158,196.88	52,463,196.88
2000	30,345,000.00	22,248,060.00	52,593,060.00
2001	31,485,000.00	20,471,257.50	51,956,257.50
2002	31,615,000.00	18,933,312.50	50,548,312.50
2003	29,340,000.00	14,477,728.61	43,817,728.61
2004	19,370,000.00	13,017,349.86	32,387,349.86
2005	33,930,000.00	12,602,912.50	46,532,912.50
2006	39,195,000.00	10,925,562.50	50,120,562.50
2007	41,535,000.00	8,974,287.50	50,509,287.50
2008	44,015,000.00	6,981,862.50	50,996,862.50
2009	41,925,000.00	4,979,687.50	46,904,687.50
2010	36,615,000.00	3,016,187.50	39,631,187.50
2011	32,115,000.00	1,297,937.50	33,412,937.50
2012	5,185,000.00	375,631.25	5,560,631.25
2013	5,490,000.00	128,100.00	5,618,100.00
TOTAL	\$ 636,225,000.00	\$ 613,197,552.62	\$ 1,249,422,552.62

Total principal includes refunding excess of \$36,225,000 which does not count toward the \$600 million constitutional authorization.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
General Administration	\$ 290,438,678	\$ 313,391,721	\$ 230,062,802	\$ 230,195,121
Information Technology	0	2,972,143	0	0
Public School Aid	3,459,237,091	3,610,027,604	3,939,583,295	3,867,746,266
School Improvement/Teacher Quality and Urban Education	337,995,009	405,582,507	431,416,996	410,321,811
Vocational Rehabilitation	186,659,861	101,364,307	101,807,564	102,081,358
Vocational and Adult Education	67,542,895	75,244,080	75,175,910	75,303,734
Special Education	245,473,432	283,751,815	297,735,544	296,804,329
Board Operated Schools Operations	47,739,892	50,647,294	52,360,723	51,745,948
Commission for the Deaf and Hard of Hearing	333,354	471,352	463,431	434,075
Assistive Technology Council	0	0	4,239,149	4,256,965
Children's Services Commission	0	0	10,000	10,000
DEPARTMENTAL TOTAL	\$ 4,635,420,212	\$ 4,843,452,823 *	\$ 5,132,855,414	\$ 5,038,899,607
General Revenue Fund **	226,780,100	199,933,759	149,033,343	128,010,162
Federal Funds	865,603,835	948,302,067	967,429,513	968,747,262
School District Bond Fund	450,000	592,000	592,000	592,000
Certification of Interpreters Fund	82,285	125,000	117,000	117,000
Independent Living Center Fund	550,556	590,556	590,556	590,556
Outstanding Schools Trust Fund ***	396,115,335	435,800,000	491,400,000	491,400,000
Bingo Proceeds for Education Fund	1,705,868	1,707,167	1,707,167	1,707,167
Lottery Proceeds Fund	148,286,980	156,649,818	165,033,189	144,281,940
First Steps Fund	0	2,000,000	0	0
Deaf Relay Ser & Eq Dist Program Fund	0	0	2,150,445	2,158,266
Children's Service Commission Fund	0	0	10,000	10,000
State School Moneys Fund ****	2,241,197,080	2,305,777,202	2,261,024,255	2,207,504,224
Handicapped Children's Trust Fund	0	30,000	30,000	30,000
Excellence in Education Fund	2,261,891	2,934,010	2,929,010	2,939,102
Fair Share Fund *****	23,027,314	23,400,000	0	0
School District Trust Fund *****	710,513,385	748,700,000	770,300,000	770,300,000
Missouri Commission for the Deaf and Hard of Hearing Fund	641	50,000	49,000	50,200
Missouri Assistive Technology Fund	0	0	750,000	750,000
Classroom Trust Fund*****	0	0	297,208,638	297,208,638
Part C Early Intervention Fund	0	0	5,095,254	5,095,254
Early Childhood Development, Education and Care Fund	18,101,641	15,336,244	15,336,244	15,336,244
Assistive Technology Loan Revenue Fund	0	0	544,800	546,592
School for the Blind Trust Fund	670,301	1,500,000	1,500,000	1,500,000
School for the Deaf Trust Fund	73,000	25,000	25,000	25,000
Full-time equivalent employees	1,818.47	1,893.46	1,858.46	1,840.46

* Does not include \$8,600,000 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Elementary and Secondary Education supplemental appropriations.

** Decrease in general revenue is due to the reallocation of County Foreign Insurance Tax Distribution to the foundation formula.

*** Outstanding Schools Trust Fund receives an annual transfer from general revenue. The Outstanding Schools Act of 1993 created a corporate and individual income tax that generates revenue specifically for elementary and secondary education.

**** The State School Moneys Fund receives an annual transfer from general revenue, the Fair Share Fund, County Foreign Insurance Tax, and cigarette taxes.

***** The Fair Share Fund is now distributed via the foundation formula.

***** The School District Trust Fund receives revenues generated by a one cent sales tax (Proposition C).

***** The Classroom Trust Fund receives an annual transfer from the Gaming Proceeds for Education Fund and unclaimed lottery prize money.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides over \$5 billion for elementary and secondary education. Direct state aid to local schools will increase \$167.1 million in Fiscal Year 2007, which is a 4.6 percent increase over Fiscal Year 2006 funding levels. This funding supports 2,278 public schools and nearly 900,000 students throughout the state.

The core functions provided by the Department of Elementary and Secondary Education include:

- Administering educational policies of the state and supervising instruction in the public schools.
- Distributing school funding, including the Foundation Program, and state and federal grant programs.
- Granting certificates of qualification and licenses to teach in the public schools of the state.
- Providing vocational rehabilitation services to Missourians with disabilities to help them obtain employment.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administrative and Financial Services	\$ 6,726,612	\$ 8,307,272	\$ 6,865,320
Court-Ordered Payments	15,000,000	13,000,000	12,000,000
Early Grade Literacy/Professional Development	492,500	500,000	500,000
School Food Services	166,280,801	177,642,449	195,237,801
Fair Share Distribution	23,027,314	23,400,000	0
County Foreign Insurance Tax Distribution	77,190,272	74,950,000	0
School District Bond Program	450,000	592,000	592,000
Federal Grants and Donations	1,271,179	15,000,000	15,000,000
TOTAL	\$ 290,438,678	\$ 313,391,721	\$ 230,195,121
General Revenue Fund	98,363,274	93,806,261	17,807,786
Federal Funds	165,838,682	192,285,854	208,461,233
Lottery Proceeds for Education Fund	247,517	198,596	0
Other Funds	25,989,205	27,101,010	3,926,102
Full-time equivalent employees	90.30	69.70	69.50

GENERAL ADMINISTRATION

The Department of Elementary and Secondary Education is supervised by the State Board of Education, which consists of eight members appointed for eight-year terms by the Governor with the advice and consent of the Senate. The board appoints the Commissioner of Education as its chief administrative officer.

The Department of Elementary and Secondary Education's administrative responsibilities include the distribution of all federal and state funds to local school districts and other agencies. The department also administers the department's Court Ordered Payment Program. The Court Ordered Payment Program was a result of the 1997 desegregation settlement with Kansas City and St. Louis school districts. Operating payments have ended; however, transfer costs and capital outlays will continue through Fiscal Year 2009. As these payments phase out, savings will be redirected to the school foundation formula for the benefit of school districts across the state.

Other administrative functions of the department include the supervision and administration of the Early Grade Literacy Program, School Food Program, School District Bond Program, and Federal Grants and Donations.

Fiscal Year 2007 Governor's Recommendations

- \$17,671,000 federal funds for the School Food Program.
- \$132,319 for pay plan, including \$86,194 general revenue.
- \$70,000 other funds reallocated from Information Technology.
- (\$74,950,000) County Foreign Insurance Tax reallocated to the foundation formula as required by law.
- (\$23,400,000) Fair Share Fund reallocated to the foundation formula as required by law.
- (\$1,585,250) federal and other funds and (.2) staff transferred to the Office of Administration for statewide consolidated information technology services.
- (\$1,000,000) for Court Ordered Payments reallocated to the foundation formula as required by law.
- (\$75,648) core reduction from the School Food Program.
- (\$59,021) overtime reallocated to various divisions.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- (\$2,815,761) and (42.8) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$720,187) general revenue.
- (\$156,382) federal and other funds and (two) staff reallocated from Information Technology to various divisions.

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Foundation - Formula	\$ 1,809,777,948	\$ 1,882,305,259	\$ 2,701,597,891
Foundation - Small Schools Program	0	0	15,000,000
Foundation - Line 14 At Risk	373,955,305	413,188,959	0
Foundation - Transportation	162,067,406	162,067,713	162,067,713
Foundation - Special Education	150,180,879	149,617,982	0
Foundation - Remedial Reading	11,096,009	11,096,925	0
Foundation - Early Special Education	96,311,209	96,311,209	96,311,209
Foundation - Gifted	24,839,820	24,870,104	0
Foundation - Career Ladder	37,310,051	37,684,374	37,284,374
Foundation - Career Education	52,880,428	52,880,428	52,880,428
Foundation - Parent Education/Parents As Teachers	30,304,651	31,304,651	32,304,651
School District Trust Fund	710,513,385	748,700,000	770,300,000
DEPARTMENT TOTAL	\$ 3,459,237,091	\$ 3,610,027,604	\$ 3,867,746,266
Outstanding Schools Trust Fund	394,997,395	434,597,395	490,197,395
Lottery Proceeds Fund	112,679,679	121,113,007	102,696,009
State School Moneys Fund	2,241,046,632	2,305,617,202	2,207,344,224
School District Trust Fund	710,513,385	748,700,000	770,300,000
Classroom Trust Fund	0	0	297,208,638

PUBLIC SCHOOL AID

A multitude of programs and funding sources are utilized to ensure all Missouri children receive a quality education. The bulk of state aid is distributed to districts via the foundation formula. In 2005, Governor Blunt signed into law Senate Bill 287, resulting in a more equitable foundation formula to distribute state aid to Missouri schools. Missouri's foundation formula now apportions money to school districts based on student need. State funds are distributed to school districts based on the state adequacy target per pupil less the local effort as measured by a fixed performance property tax levy of \$3.43 and other local revenue received in the 2004-2005 school year. The new formula provides additional funding for children struggling with the English language, financial constraints, and special needs. In addition, the formula uses a regional dollar value modifier to address cost of living differences throughout the state.

Revenues from the Fair Share Fund, County Foreign Insurance Tax, and Gaming Proceeds for Education Fund are now distributed via the foundation formula.

- Fair Share Fund revenues are generated from tax receipts from four cents per cigarette pack.
- County Foreign Insurance Tax revenues are generated from a two percent, per annum tax levied on the premiums of insurance companies not based in Missouri but doing business here. One-half of the net receipts are distributed to school districts.
- The Gaming Proceeds for Education Fund is now transferred to the Classroom Trust Fund, which is distributed directly to districts as a component of the foundation formula.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

PUBLIC SCHOOL AID (Continued)

In addition to the foundation formula, Missouri's Public School Aid includes funding for four categorical add-on programs.

- The transportation add-on pays school districts up to 75 percent of allowable costs of school bus and other transportation.
- The Career Ladder Program provides an incentive to teachers, librarians, and counselors who voluntarily participate in professional development activities. This program is financed by state and local matching funds.
- Career education provides a full range of career education programs, services, and activities relating to agricultural education; business, marketing, and cooperative education; family and consumer sciences; health sciences; and trade and industrial education.
- The Early Childhood Development Program provides state reimbursement to school districts that provide any of three programs for preschool children: 1) developmental screenings, 2) parent education, and 3) programs for developmentally delayed.

The Small School Success Program also provides additional funding for small school districts throughout the state. The School District Trust Fund provides additional funding distributed directly to districts to be used largely at their discretion. School District Trust Fund revenues are generated from Proposition C, which collects a one percent sales tax for elementary and secondary education.

Fiscal Year 2007 Governor's Recommendations

- \$122,168,662 other funds for the foundation formula.
- \$21,600,000 School District Trust Fund for distribution to school districts.
- \$15,000,000 State School Moneys Fund for the Small School Success Program.
- \$1,000,000 State School Moneys Fund for the Parents as Teachers Program.
- \$598,773,970 other funds reallocated from the At-Risk Program, Special Education, Gifted Programs, and Remedial Reading categoricals to the foundation formula.
- \$74,950,000 State School Moneys Fund reallocated to the foundation formula.
- \$23,400,000 State School Moneys Fund reallocated to the foundation formula.
- (\$413,188,959) other funds reallocated from the At-Risk Program to the foundation formula.
- (\$149,617,982) other funds reallocated from Special Education to the foundation formula.
- (\$24,870,104) other funds reallocated from Gifted Programs to the foundation formula.
- (\$11,096,925) other funds reallocated from Remedial Reading to the foundation formula.
- (\$400,000) State School Moneys Fund core reduction for Career Ladder from the Fiscal Year 2006 appropriation level.

To ensure adequate funding is available for Missouri's Public School Aid, a number of transfers are made from general revenue (GR), the Gaming Proceeds for Education Fund (GPEF), and the Lottery Proceeds Fund (LPF) to the Outstanding Schools Trust Fund (OSTF), State School Moneys Fund (SSMF), and the Classroom Trust Fund (CTF).

Transferred From	Transferred To	FY05	FY06	FY07	FY07 Changes
GR	OSTF	\$396,200,000	\$435,800,000	\$491,400,000	\$55,600,000
GR	SSMF	\$1,945,559,893	\$1,922,627,493	\$2,033,218,993	\$110,591,500
GR-County Foreign	SSMF	\$0	\$0	\$86,550,000	\$86,550,000
GR-Fair Share	SSMF	\$0	\$0	\$23,400,000	\$23,400,000
GPEF	SSMF	\$239,950,000	\$276,714,074	\$0	(\$276,714,074)
GPEF	CTF	\$0	\$0	\$289,586,296	\$289,586,296
LPF -Unclaimed	CTF	\$0	\$0	\$7,622,342	\$7,622,342

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION

The Division of School Improvement manages state and federal grant programs in addition to providing consultant services and technical assistance to local school districts. The division is comprised of three main areas: School Improvement and Accreditation, Curriculum Services and Assessment, and Federal Programs.

- School Improvement and Accreditation is responsible for the collection and maintenance of school core data, accrediting school districts through the Missouri School Improvement Program, supervising of academically deficient schools, and administering Charter Schools and A+ programs.
- Curriculum Services and Assessment is responsible for providing curriculum technical assistance to school districts, overseeing the Missouri Assessment Program, providing support for gifted programs, and administering the Missouri Scholars and Fine Arts Academies.
- The division also monitors federal compliance with No Child Left Behind and manages multiple federal entitlement and discretionary grants.

The Division of Teacher Quality and Urban Education carries out the department's statutory obligations relating to educator certification, recruitment and retention, preparation, and professional development. The division is comprised of several sections including Educator Certification, Educator Preparation, Educator Recruitment and Retention, and Professional Development.

- Educator Certification is responsible for issuing and revoking certificates of license to teach, as well as maintaining records of certificated professionals.
- Educator Preparation administers MoSTEP, a program that evaluates professional education programs at Missouri higher education institutions.
- Educator Recruitment and Retention provides technical assistance to local districts and oversees programs including Career Ladder, professional staff tuition reimbursement, and scholarship programs.
- Professional Development designs, implements, and evaluates a variety of professional development events related to school improvement, instructional leadership, and student success.

Fiscal Year 2007 Governor's Recommendations

- \$2,600,000 federal funds for Title III Language Acquisition.
- \$1,791,925 for the A+ Program.
- \$1,500,000 federal funds for the Rural and Low-Income School Grant Program.
- \$100,000 Lottery Proceeds for Education Fund for the CHARACTERPlus Program.
- \$200,452 for pay plan, including \$93,112 general revenue.
- \$2,801 reallocated from overtime to the Division of Teacher Quality and Urban Education.
- (\$1,424,221) and (four) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$82,596) general revenue.
- (\$31,653) federal funds transferred to the Office of Administration for statewide consolidation information technology services.
- (Two) staff reallocated from General Administration.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF VOCATIONAL REHABILITATION

The Division of Vocational Rehabilitation provides services to Missourians with disabilities to help them overcome impediments to employment. Vocational Rehabilitation is comprised of three sections: Vocational Rehabilitation, Disability Determinations, and Independent Living.

- Vocational Rehabilitation assists individuals with disabilities to obtain and/or maintain employment.
- Disability Determinations is responsible for collecting and documenting medical evidence of a disability and is funded by the federal Social Security Administration.
- Independent Living Centers are non-residential, private, non-profit, consumer-controlled, community-based organizations providing services and advocacy by and for persons with all types of disabilities.

Fiscal Year 2007 Governor's Recommendations

- \$289,798 for the Vocational Rehabilitation Grant Program.
- \$40,750 federal funds for replacement vehicles.
- \$955,027 federal funds for pay plan.
- \$86,382 federal funds and two staff reallocated from Information Technology.
- (\$431,360) federal funds transferred to the statewide leasing budget.
- (\$177,956) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$45,590) federal funds core reduction for one-time expenditures.
- (12) staff core reduction from the Fiscal Year 2006 appropriation level.

DIVISION OF VOCATIONAL AND ADULT EDUCATION

The Division of Vocational and Adult Education provides individuals with services that supply the technical knowledge and skills needed to prepare for employment. The division also develops state plans for vocational and adult education and literacy that form the basis for distribution of federal and state funds to local education agencies. The Division of Vocational and Adult Education includes the Distribution to Schools Program, Workforce Investment Act grants, Adult Basic Education Program, Special Literacy Grant Award Program, school-aged child care, and Troops to Teachers Program.

- The Distribution to Schools Program oversees grants provided to educational institutions for improving vocational-technical programs and distribution of funds to vocational programs located in public school districts, institutions of higher education, state agencies, and business establishments.
- The federal Workforce Investment Act provides federal funds that can be used for skill training for 15 service delivery areas in Missouri.
- The Adult Basic Education Program provides training in the fundamental skills of English, reading, and mathematics. To enroll in a class, a person must be 16 years of age or older, out of school, and lacking a high school diploma.
- The Special Literacy Grant Award Program was established to respond to the increasing numbers of adults needing basic education services.
- The federal Child Care and Development Block Grant provides funds to house school-aged child care programs in school buildings when they are not being used for educational classes.
- The Troops to Teachers Program is designed to encourage military personnel transitioning to the civilian labor force to consider teaching as a post-military career.

Fiscal Year 2007 Governor's Recommendations

- \$12,500 federal funds for a replacement vehicle.
- \$127,824 for pay plan, including \$48,479 general revenue.
- \$673 reallocated from General Administration.
- (\$49,690) federal funds core reduction for one-time expenditures.
- (\$31,653) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (Two) staff core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF SPECIAL EDUCATION

The Division of Special Education is responsible for state and federal special education funds for Missouri public schools. The division administers special education grants, the High Need Fund and the Excess Cost of Public Placements, as well as the coordination of the First Steps Program, Sheltered Workshops, Readers for the Blind Program, and the Blind Literacy Task Force.

- Special education grants provide federal funds to districts to aid them in the purchase of instructional and technological equipment and services for disabled children.
- The High Need Fund and the Excess Cost of Public Placements are programs designed to aid school districts with education costs that exceed a district's normal expenditure per pupil. Excess Cost of Public Placements was created to address the issue of children in residential placements per the direction of the courts, the Department of Social Services, or the Department of Mental Health.
- The First Steps Program is designed for children, birth to age 3, who have delayed development or diagnosed conditions that are associated with development disabilities.
- Sheltered Workshops are non-profit corporations that give people with disabilities a controlled working environment. Programs are designed to enable persons to progress toward normal living and develop their work capacities.
- The Readers for the Blind Program provides funds to employ readers for blind students served in local districts.
- The Blind Literacy Task Force was established to improve special education, vocational training, work to school transitions, rehabilitation services, and independent living and employment outcomes for blind and visually impaired students.

Fiscal Year 2007 Governor's Recommendations

- \$6,060,000 Lottery Proceeds Fund for the Special Education High Need Program.
- \$5,000,000 federal funds for the Special Education Grant Program.
- \$1,950,000 for the First Steps Program, including \$1,600,000 general revenue.
- \$12,500 federal funds for a replacement vehicle.
- \$75,497 for pay plan, including \$7,956 general revenue.
- (\$31,653) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$13,830) federal funds core reduction for one-time expenditures.

BOARD OPERATED SCHOOLS OPERATIONS

The State Board of Education operates two residential facilities, the School for the Blind in St. Louis and the School for the Deaf in Fulton, and day-school facilities - the State Schools for the Severely Handicapped located throughout the state. The Department of Elementary and Secondary Education oversees the distribution of state, federal, and private donations to these institutions.

- The Missouri School for the Blind offers elementary and secondary education in a residential school environment for blind or visually impaired students from ages 5 to 21 years.
- The Missouri School for the Deaf provides elementary and secondary education in a residential environment for deaf- or hearing-impaired students from ages 5 to 21 years. The school provides separate facilities for primary age, intermediate age, and high school students.
- For students too severely disabled to be served effectively by local public schools, the department operates 37 state schools and contracts with private non-profit agencies to provide educational services for children the state schools cannot practically serve. These schools offer day programs in basic and prevocational training with the ultimate goal of assisting students in functioning semi-independently in their homes and communities.

Fiscal Year 2007 Governor's Recommendations

- \$1,187,132 for pay plan, including \$1,122,872 general revenue.
- \$95,828 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- \$55,468 reallocated from General Administration.
- (\$177,416) transferred to the Office of Administration for statewide consolidated information technology services.
- (\$62,358) transferred to the statewide leasing budget.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

COMMISSION FOR THE DEAF AND HARD OF HEARING

The Missouri Commission for the Deaf and Hard of Hearing and Board for Certification of Interpreters are assigned to the Department of Elementary and Secondary Education.

Fiscal Year 2007 Governor's Recommendations

- \$9,644 for pay plan, including \$8,444 general revenue.
- \$79 reallocated from General Administration.
- (\$47,000) federal funds core reduction from the Fiscal Year 2006 appropriation level.

MISSOURI ASSISTIVE TECHNOLOGY COUNCIL

The Missouri Assistive Technology Council is being transferred from the Office of Administration to the Department of Elementary and Secondary Education. The council supports access to adaptive devices that increase the independence and productivity of Missourians with all types of disabilities. The council provides adaptive telecommunications devices and computer adaptations, short-term loans for a full range of assistive technology, used equipment exchange, and low-interest loans for the purchase of assistive technology and home modifications.

Fiscal Year 2007 Governor's Recommendations

- \$750,000 other funds for the Missouri Assistive Technology Grant Program.
- \$17,816 federal and other funds for pay plan.
- \$3,489,149 federal and other funds and ten staff transferred from the Office of Administration.

MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission is being transferred from the Office of Administration to the Department of Elementary and Secondary Education. The Missouri Children's Services Commission takes a leadership role in identifying and evaluating programs and state services that affect the children of Missouri.

Fiscal Year 2007 Governor's Recommendations

- \$10,000 other funds transferred from the Office of Administration.

DEPARTMENT OF HIGHER EDUCATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Higher Education Coordination	\$ 710,699	\$ 451,132	\$ 467,437	\$ 708,536
Information Technology Consolidation	0	1,171,967	0	0
Proprietary School Regulation	155,028	224,586	224,586	228,606
Midwest Higher Education Commission	82,500	82,500	90,000	90,000
State Anatomical Board	0	3,069	3,069	0
Federal Education Programs	1,642,882	3,776,425	3,776,425	3,778,746
Financial Aid	110,889,918	139,206,068	139,195,641	139,283,189
Community Colleges	129,337,921	133,338,066	185,346,868	136,004,827
Technical Colleges	4,403,959	4,540,164	9,135,797	4,634,133
Four-Year Colleges and Universities	696,315,406	719,479,133	1,071,987,318	734,125,025
University of Missouri - Related Programs	43,613,999	43,742,224	46,544,779	43,791,846
DEPARTMENTAL TOTAL	\$ 987,152,312	\$ 1,046,015,334	\$ 1,456,771,920	\$ 1,062,644,908
General Revenue Fund	834,519,478	855,961,813	1,267,820,183	873,380,919
Federal Funds	3,708,882	6,247,638	6,232,025	6,468,111
Missouri Student Grant Program Gift Fund	0	50,000	50,000	50,000
Lottery Proceeds Fund	73,671,847	76,990,310	76,990,310	76,990,310
Spinal Cord Injury Fund	272,808	400,000	400,000	400,000
State Seminary Moneys Fund	141,231	250,000	250,000	250,000
Healthy Families Trust Fund -				
Health Care Account	0	628,200	419,355	419,355
GEAR UP Scholarship Fund	40,683	200,000	200,000	200,000
Proprietary School Bond Fund	0	100,000	100,000	100,000
U.S. Department of Education				
Interest Account Fund	839,040	0	0	0
State Seminary Fund	1,240,967	3,000,000	3,000,000	3,000,000
Guaranty Agency Operating Fund	9,814,216	17,187,373	16,310,047	16,386,213
Federal Student Loan Reserve Fund	62,903,160	85,000,000	85,000,000	85,000,000
Full-time equivalent employees	73.57	89.73	75.92	75.92

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$1 billion for the Department of Higher Education. The department provides services for Missourians pursuing a postsecondary education. The core functions provided by the Department of Higher Education include:

- Supporting Missouri's two- and four-year institutions of higher education. Missouri's higher education institutions play a critical role in supplying the skilled workers that are necessary to stimulate economic growth in the state.
- Providing financial assistance to allow Missouri students access to higher education and to encourage the state's top academic achievers to attend Missouri higher education institutions.
- Planning for postsecondary education, evaluating institutional missions and performance, regulating proprietary institutions, and approving new degree programs offered by public colleges and universities.

DEPARTMENT OF HIGHER EDUCATION

HIGHER EDUCATION COORDINATION

This program includes the Commissioner of Higher Education, the general administrative staff, and the expenses of the Coordinating Board. Under direction of the Coordinating Board, the administrative staff reviews and coordinates the programs of approximately 58 public and private institutions of higher education. Staff also prepares the Coordinating Board's budget recommendations for public colleges and universities. Other program responsibilities include collecting and distributing student enrollment data and reviewing and approving proposed new degree programs at public institutions.

Fiscal Year 2007 Governor's Recommendations

- \$224,999 federal funds to align expenditure authority with anticipated Fiscal Year 2007 spending levels.
- \$16,100 for pay plan.
- \$23,663 and .9 staff reallocated from information technology.
- (\$7,358) transferred to the statewide leasing budget.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- (\$980,675) and (13.81) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$145,225) general revenue.
- (\$176,292) and (one) staff reallocated from information technology to various divisions, including (\$23,663) general revenue.
- (\$15,000) federal funds core reduction from the Fiscal Year 2006 appropriation level.

PROPRIETARY SCHOOL REGULATION

Sections 173.600 through 173.618, RSMo, provide for the regulation of proprietary schools operating in the State of Missouri. There are approximately 149 proprietary schools in operation. The Coordinating Board is charged with the authority to issue, revoke, or suspend certificates of approval ensuring that proprietary schools meet minimum state standards, place schools on probation, require each school to file a security bond, and collect data from certified proprietary schools.

Fiscal Year 2007 Governor's Recommendations

- \$4,020 for pay plan.

MIDWEST HIGHER EDUCATION COMMISSION

The Midwest Higher Education Commission is a consortium of states that work together on student exchange agreements, higher education research and policy development, and cost saving programs in which Missouri institutions may participate. Membership in the organization requires payment of annual dues. Missouri became a member state of the Midwest Higher Education Commission pursuant to the provisions of Sections 173.708 through 173.710, RSMo.

Fiscal Year 2007 Governor's Recommendations

- \$7,500 for increased Midwest Higher Education Commission membership dues.

STATE ANATOMICAL BOARD

Sections 194.120 through 194.180, RSMo, authorize the State Anatomical Board to collect and distribute human cadavers to qualified medical schools. Expenditures consist of fixed stipends for officers of the board and per capita stipends for doctors with the responsibility for receipt and distribution of cadavers. Participating schools pay a per-student assessment of 50 cents which is deposited in general revenue.

Fiscal Year 2007 Governor's Recommendations

- (\$3,069) core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF HIGHER EDUCATION

FEDERAL EDUCATION PROGRAMS AND DONATIONS

The Improving Teacher Quality States Grant Program provides federal funds for the improvement of instruction in the core subject areas in grades K-12. The Department of Higher Education administers its portion of these funds through a competitive grant process. The funds are used to design and develop professional development projects addressing the needs of K-12 teachers in the targeted core academic subjects of mathematics and science.

In addition, department staff will continue to pursue federal grants, foundation resources, and private donations to support new programs.

Fiscal Year 2007 Governor's Recommendations

- \$2,321 federal funds for pay plan.

**DEPARTMENT OF HIGHER EDUCATION
STUDENT FINANCIAL AID**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
GRANTS AND SCHOLARSHIPS			
Administration	\$ 184,671	\$ 119,416	\$ 106,465
Academic Scholarship Program	15,787,000	15,787,000	15,787,000
Charles E. Gallagher Grant Program	16,932,258	16,628,436	16,628,436
Public Service Survivor Grant Program	38,712	60,710	60,710
Vietnam Veterans Survivors Scholarship Program	38,000	50,000	50,000
Marguerite Ross Barnett Scholarship Program	425,000	425,000	425,000
Missouri College Guarantee Program	3,175,000	3,175,000	3,175,000
Advantage Missouri Program	0	105,000	0
GEAR UP PROGRAM	752,861	1,655,599	1,664,365
MISSOURI STUDENT LOAN PROGRAM	73,556,416	101,199,907	101,386,213
TOTAL	\$ 110,889,918	\$ 139,206,068	\$ 139,283,189
General Revenue Fund	32,476,819	32,550,562	32,432,611
Federal Funds	2,066,000	2,455,599	2,464,365
Other Funds	76,347,099	104,199,907	104,386,213
Full-time equivalent employees	56.51	58.17	58.27

ADMINISTRATION OF STATE GRANT AND SCHOLARSHIP PROGRAMS

Administration of state grant and scholarship programs includes determining an applicant's eligibility for a grant, determining the amount of individual grants, issuing payments, and monitoring school financial aid offices for compliance with program requirements. Approximately 25,000 grants and scholarships totaling nearly \$40.3 million annually are distributed by the department.

Fiscal Year 2007 Governor's Recommendations

- \$2,616 for pay plan.
- (\$8,700) transferred to the Office of Administration for statewide consolidated information technology services.
- (\$6,867) transferred to the statewide leasing budget.

ACADEMIC SCHOLARSHIP PROGRAM

The Academic Scholarship Program ("Bright Flight") provides \$2,000 scholarships for Missouri high school graduating seniors scoring in the top three percent of all Missouri students taking either the American College Test (ACT) or the Scholastic Aptitude Test (SAT) of the College Board. The students must use the scholarship to attend a Missouri college or university. The scholarships are renewable up to a total of ten semesters. An estimated 8,300 students will be awarded scholarships in Fiscal Year 2007.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

CHARLES E. GALLAGHER GRANT PROGRAM

The Charles E. Gallagher Student Financial Assistance (Missouri Student Grant) Program provides grants to eligible Missouri postsecondary students of up to a maximum of ten semesters based on the lesser of: (a) demonstrated financial need, (b) one-half the tuition and fees of the previous year, or (c) \$1,500.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF HIGHER EDUCATION

STUDENT FINANCIAL AID (Continued)

PUBLIC SERVICE SURVIVOR GRANT PROGRAM

The Public Service Survivor Grant Program provides educational benefits to the children and spouses of certain public employees killed or permanently and totally disabled in the line of duty. An eligible child, up to the age of 24, or an eligible spouse may receive a grant to enroll in a program leading to a certificate, associate degree, or baccalaureate degree at an approved public or private postsecondary institution. The grant may not exceed the amount paid in tuition by a full-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

VIETNAM VETERANS SURVIVORS SCHOLARSHIP PROGRAM

The Vietnam Veterans Survivors Scholarship Program provides educational benefits to the spouse or child of a veteran of the Vietnam War whose death was caused by exposure to toxic chemicals. The maximum award may not exceed the amount of tuition paid by a full-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

MARGUERITE ROSS BARNETT SCHOLARSHIP PROGRAM

The Marguerite Ross Barnett Scholarship Program provides grants to part-time undergraduate students who are employed and compensated for at least 20 hours per week and who have financial need. The maximum award may not exceed the amount of tuition paid by a part-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

MISSOURI COLLEGE GUARANTEE PROGRAM

The Missouri College Guarantee Program provides scholarships based on financial need to students that meet specified academic standards. The program is designed to serve Missouri students most in need regardless of institutional choice.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

ADVANTAGE MISSOURI PROGRAM

The Advantage Missouri Program is a loan and loan forgiveness program designed to address workforce needs in high demand occupations. Students enrolling in an academic program in an occupational field of high demand may apply for a loan that will forgive one year of the loan for each year the student works in Missouri in that specified field. The current targeted occupational areas are biomedical/biotechnology, advanced manufacturing technology, and computer technology.

Fiscal Year 2007 Governor's Recommendations

- (\$105,000) core reduction to reflect the General Assembly's intent to eliminate this program.

DEPARTMENT OF HIGHER EDUCATION

STUDENT FINANCIAL AID (Continued)

GEAR UP PROGRAM

The Department of Higher Education has been awarded a federal GEAR UP grant that will help improve the educational attainment of Missouri citizens by providing early college preparation and awareness activities to participating students through comprehensive mentoring, counseling, outreach, and other support services. These activities promote equal access to educational excellence through partnership efforts on behalf of low-income, underrepresented students, and ensure that targeted students have access to rigorous courses that prepare them for college. Fourteen Missouri high schools in five public school districts with more than 3,300 eleventh grade students are participating in the GEAR UP Program. Participants of the program may be eligible for scholarships based on high school performance and financial need.

Fiscal Year 2007 Governor's Recommendations

- \$8,766 federal funds for pay plan.

MISSOURI STUDENT LOAN PROGRAM AND ADMINISTRATION

The Missouri Student Loan Program provides repayable loans to parents and students through commercial lending institutions. Since its inception in 1979, the program has guaranteed approximately 2.2 million loans totaling over \$7.3 billion. In Fiscal Year 2007, approximately 100 lending institutions will participate in loaning funds to students attending more than 125 eligible institutions. Approximately 180,000 loans totaling over \$881 million annually are guaranteed by the department benefiting nearly 100,000 Missouri students and their families. The Missouri Student Loan Program uses private contractors to aid in processing and servicing its loans. The loan program staff performs activities including outreach services to students, schools, and lenders; the administration of the Administrative Wage Garnishment and Automated Transfer of Money programs; general loan program administration; and functions necessary to oversee contractor services and ensure compliance with state and federal law.

Fiscal Year 2007 Governor's Recommendations

- \$76,166 Guaranty Agency Operating Fund for pay plan.
- \$152,629 Guaranty Agency Operating Fund and .1 staff reallocated from information technology.
- (\$34,828) Guaranty Agency Operating Fund transferred to the statewide leasing budget.
- (\$7,661) Guaranty Agency Operating Fund transferred to the Office of Administration for statewide consolidated information technology services.

DEPARTMENT OF HIGHER EDUCATION

AID TO PUBLIC COMMUNITY COLLEGES

The budget recommendations for Missouri public community colleges are based on the recommendations developed by the Coordinating Board. The 12 institutions (18 campuses) eligible to receive state aid are: Crowder College in Neosho, East Central College in Union, Jefferson College in Hillsboro, Metropolitan Community Colleges – five campuses in the Kansas City area, Mineral Area College in Park Hills, Moberly Area Community College in Moberly, North Central Missouri College in Trenton, Ozarks Technical Community College in Springfield, St. Charles Community College in St. Peters, St. Louis Community College – three campuses in St. Louis City and County, State Fair Community College in Sedalia, and Three Rivers Community College in Poplar Bluff.

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Crowder College	\$ 0	\$ 0	\$ 4,568,730
East Central College	0	0	5,303,061
Jefferson College	0	0	7,781,015
Metropolitan Community College	0	0	32,326,133
Mineral Area College	0	0	5,097,973
Moberly Area Community College	0	0	4,990,941
North Central Missouri College	0	0	2,516,612
Ozarks Technical Community College	0	0	9,763,725
St. Charles Community College	0	0	7,362,077
St. Louis Community College	0	0	46,482,134
State Fair Community College	0	0	5,405,242
Three Rivers Community College	0	0	4,407,184
State Aid to Community Colleges	92,557,376	95,419,977	0
Out-of-District Instruction	1,140,706	1,175,986	0
Workforce Preparation	15,804,981	16,293,796	0
Postsecondary Technical Education	19,834,858	20,448,307	0
TOTAL	\$ 129,337,921	\$ 133,338,066	\$ 136,004,827
General Revenue Fund	122,303,014	125,885,581	128,552,342
Lottery Proceeds Fund	7,034,907	7,452,485	7,452,485

Fiscal Year 2007 Governor's Recommendations

- \$2,666,761 for increased funding for public community colleges:
 - \$67,075 for Crowder College
 - \$77,855 for East Central College
 - \$114,235 for Jefferson College
 - \$474,588 for Metropolitan Community College
 - \$74,845 for Mineral Area College
 - \$136,592 for Moberly Area Community College
 - \$36,947 for North Central Missouri College
 - \$399,901 for Ozarks Technical Community College
 - \$348,160 for St. Charles Community College
 - \$682,416 for St. Louis Community College
 - \$79,356 for State Fair Community College
 - \$174,791 for Three Rivers Community College
- \$133,338,066 reallocated to the individual community colleges from state aid, out-of-district instruction, workforce preparation, and postsecondary technical education, including \$125,885,581 general revenue.
- (\$95,419,977) reallocated from state aid to the individual community colleges, including (\$89,299,845) general revenue.
- (\$20,448,307) reallocated from postsecondary technical education to the individual community colleges.
- (\$16,293,796) reallocated from workforce preparation to the individual community colleges, including (\$14,961,443) general revenue.
- (\$1,175,986) reallocated from out-of-district instruction to the individual community colleges.

DEPARTMENT OF HIGHER EDUCATION

LINN STATE TECHNICAL COLLEGE

Senate Bill 101 (1995) established Linn State Technical College with a statewide mission to offer highly specialized and advanced technical education and training at the certificate and associate degree level.

Fiscal Year 2007 Governor's Recommendations

- \$90,803 for increased funding for Linn State Technical College.
- \$3,166 transferred from the Office of Administration for unemployment compensation costs.

PUBLIC FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION

The budget recommendations for Missouri's ten public, four-year institutions of higher education are based on the recommendations developed by the Coordinating Board. Missouri's public, four-year institutions of higher education include: Central Missouri State University at Warrensburg, Harris-Stowe State University at St. Louis, Lincoln University at Jefferson City, Missouri Southern State University at Joplin, Missouri Western State University at St. Joseph, Northwest Missouri State University at Maryville, Southeast Missouri State University at Cape Girardeau, Missouri State University at Springfield, Truman State University at Kirksville, and the University of Missouri system.

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Central Missouri State University	\$ 52,212,654	\$ 53,827,478	\$ 54,963,213
Southeast Missouri State University	42,517,048	43,832,008	44,734,189
Missouri State University	77,887,091	80,295,971	81,930,532
Lincoln University	16,250,014	16,752,592	17,125,184
Truman State University	39,545,110	40,768,154	41,583,517
Northwest Missouri State University	28,970,443	29,866,436	30,484,455
Missouri Southern State University	20,478,770	21,112,134	21,539,003
Missouri Western State University	20,143,134	20,766,117	21,197,492
Harris-Stowe State University	9,516,362	9,810,682	10,006,896
Subtotal	307,520,626	317,031,572	323,564,481
University of Missouri	388,794,780	402,447,561	410,560,544
TOTAL	\$ 696,315,406	\$ 719,479,133	\$ 734,125,025
General Revenue Fund	632,836,378	652,483,636	667,338,373
Lottery Proceeds Fund	63,479,028	66,367,297	66,367,297
Healthy Families Trust Fund - Health Care Account	0	628,200	419,355

Fiscal Year 2007 Governor's Recommendations

- \$14,357,019 for increased funding at public four-year institutions:
 - \$1,076,550 for Central Missouri State University
 - \$876,640 for Southeast Missouri State University
 - \$1,605,919 for Missouri State University
 - \$335,052 for Lincoln University
 - \$815,363 for Truman State University
 - \$597,329 for Northwest Missouri State University
 - \$422,243 for Missouri Southern State University
 - \$415,322 for Missouri Western State University
 - \$196,214 for Harris-Stowe State University
 - \$8,016,387 for the University of Missouri
- \$497,718 transferred from the Office of Administration for unemployment compensation costs.
- (\$208,845) Healthy Families Trust Fund for one-time expenditures.

**DEPARTMENT OF HIGHER EDUCATION
UNIVERSITY OF MISSOURI – RELATED PROGRAMS**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
MOBIUS	\$ 590,674	\$ 0	\$ 0
MOREnet	13,189,939	10,153,081	10,153,081
University Hospital and Clinics	11,945,056	13,135,457	13,185,079
Missouri Rehabilitation Center	9,199,866	10,116,691	10,116,691
Missouri Institute of Mental Health	2,091,427	1,839,880	1,839,880
Missouri Kidney Program	3,896,271	4,016,774	4,016,774
State Historical Society	838,990	830,341	830,341
Alzheimer's Research Program	206,770	0	0
Spinal Cord Injury	272,808	400,000	400,000
State Seminary Investments	1,240,967	3,000,000	3,000,000
State Seminary Income on Investments	141,231	250,000	250,000
TOTAL	\$ 43,613,999	\$ 43,742,224	\$ 43,791,846
General Revenue Fund	41,958,993	40,092,224	40,141,846
Spinal Cord Injury Fund	272,808	400,000	400,000
State Seminary Moneys Fund	141,231	250,000	250,000
State Seminary Fund	1,240,967	3,000,000	3,000,000

UNIVERSITY OF MISSOURI – RELATED PROGRAMS

The University of Missouri has administrative responsibility for a range of programs that are related to its institutional mission, but are not a part of the education and general operations: Missouri Research and Education Network (MOREnet), University Hospital and Clinics, Missouri Rehabilitation Center, Missouri Institute of Mental Health, Missouri Kidney Program, the State Historical Society, Spinal Cord Injury Research Program, and investments and interest from State Seminary Fund and State Seminary Moneys Fund.

MISSOURI RESEARCH AND EDUCATION NETWORK (MOREnet)

MOREnet operates a shared network infrastructure for elementary and secondary education, higher education, public libraries, state government, and community information networks. This shared network infrastructure includes connections to the Internet and a statewide backbone with hubs to connect each site. MOREnet integrates voice, video, and data transmissions, as well as handles the ever-increasing demand for network capacity to conduct research.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

HOSPITAL AND CLINICS

The University of Missouri-Columbia operates a teaching facility for medical, nursing, and other health care field students. In addition, the facility provides inpatient care, outpatient care, and specialized medical services to both area residents and persons referred from throughout the state. The hospital budget includes costs associated with providing patient care and maintenance of the facility. Instructional and research activity costs are included in the university's general operating budget. The university also operates the Ellis Fischel Cancer Center which provides comprehensive medical treatment, conducts clinical research, and offers education to both health professionals and Missourians at large.

Fiscal Year 2007 Governor's Recommendations

- \$49,622 transferred from the Office of Administration for unemployment compensation costs.

DEPARTMENT OF HIGHER EDUCATION

UNIVERSITY OF MISSOURI – RELATED PROGRAMS (Continued)

MISSOURI REHABILITATION CENTER

The Missouri Rehabilitation Center provides medical treatment for traumatic brain injury, comprehensive rehabilitation services, pulmonary/ventilator rehabilitation, tuberculosis treatment, terminal and acute care, and outpatient services.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

MISSOURI INSTITUTE OF MENTAL HEALTH

The Missouri Institute of Mental Health, operated by the School of Medicine of the University of Missouri at Columbia, is a mental health research and teaching institute that provides educational and staff support to the Department of Mental Health. The institute researches the basic causes of mental illness and methods for improved patient care and operates training programs for mental health professionals.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

MISSOURI KIDNEY PROGRAM

The Missouri Kidney Program enables Missourians with end-stage renal disease to obtain treatment. The program contracts with federally approved dialysis centers and facilities and pays those costs of dialysis or kidney transplantation not paid by other sources such as Medicare, Medicaid, and private insurance. Patients' drugs, transportation expenses, and medical bills are paid by the program, along with the needed medical equipment and supply costs.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATE HISTORICAL SOCIETY

The State Historical Society of Missouri is directed by statute to collect, preserve, publish, and make accessible those materials that pertain to the history of Missouri and western America. The staff conducts research projects, publishes the quarterly Missouri Historical Review, and produces other publications.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

SPINAL CORD INJURY RESEARCH

The program funds research that will advance knowledge concerning spinal cord injuries and congenital or acquired disease processes. Research awards are made by an advisory board to researchers in public or private educational, health care, and research institutions and other voluntary health associations. Funds for this research come from fees assessed to individuals who are convicted of intoxication-related offenses, as well as surcharges from all criminal cases including violations of any county ordinance or any violation of criminal or traffic laws of this state.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF HIGHER EDUCATION

UNIVERSITY OF MISSOURI – RELATED PROGRAMS (Continued)

STATE SEMINARY FUND INVESTMENTS AND INTEREST ON INVESTMENTS

The State Seminary Fund consists of the proceeds of the sale of land donated to the state, proceeds from a direct tax received from the United States, the James S. Rollins Scholarship Fund, and others. Income from the State Seminary Moneys Fund is given to the University of Missouri as required by Article IX, Section 6 of the Missouri Constitution, and by Section 172.610, RSMo.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Division of Administration	\$ 16,008,473	\$ 13,438,240	\$ 0	\$ 0
Division of Taxation	40,766,640	43,117,991	0	0
Division of Motor Vehicle and Drivers Licensing	33,152,695	20,274,746	0	0
State Tax Commission	2,757,087	2,718,984	2,642,667	2,739,639
Distributions	229,948,443	232,349,888	228,224,435	223,606,664
State Lottery Commission	118,044,632	116,324,070	122,050,903	116,561,988
Customer Services Division	0	0	51,678,600	46,543,445
Legal Services Division	0	0	4,604,809	4,771,086
Fiscal Services Division	0	0	18,026,837	18,418,808
DEPARTMENTAL TOTAL	\$ 440,677,970	\$ 428,223,919	* \$ 427,228,251	\$ 412,641,630
General Revenue Fund	76,582,278	95,788,938	93,313,097	84,555,411
Federal Funds	6,322,475	7,644,994	6,403,854	6,404,905
Child Support Enforcement Collection Fund	2,621,909	2,621,930	2,621,930	2,622,814
Health Initiatives Fund	51,192	53,829	54,085	55,873
Division of Aging Elderly Home				
Delivered Meals Trust Fund	15,297	22,204	22,204	11,860
Petroleum Storage Tank Insurance Fund	25,002	25,169	25,169	26,131
Motor Vehicle Commission Fund	939,653	1,022,339	1,120,790	1,109,954
Conservation Commission Fund	710,855	539,158	539,222	526,094
Department of Revenue Information Fund	881,747	988,916	816,307	777,756
State Highways and Transportation				
Department Fund	43,781,989	15,154,920	12,223,238	11,950,133
Lottery Enterprise Fund	118,044,632	116,324,070	122,050,903	116,561,988
Petroleum Inspection Fund	32,223	32,452	32,452	33,631
Motor Fuel Tax Fund	190,668,718	188,000,000	188,000,000	188,000,000
Department of Revenue Specialty Plate Fund	0	5,000	5,000	5,080
Full-time equivalent employees	2,052.82	1,794.76	1,644.91	1,644.91

* Does not include \$13,209 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$412.6 million for the Department of Revenue. The department serves as the primary revenue collection agency for the State of Missouri. It strives to ensure that all taxes and fees owed to the state are paid, taxpayers are served conscientiously and efficiently, and revenues are collected at minimal administrative expense. The core functions provided by the Department of Revenue include:

- Preparing tax forms.
- Processing tax forms, returns, associated payments, and refunds.
- Tinting and registering motor vehicles.
- Licensing drivers.
- Investigating instances of suspected tax or fee avoidance.

DEPARTMENT OF REVENUE

DIVISION OF ADMINISTRATION

The Division of Administration worked in unison with the operational divisions in support of their roles of tax collection, titling and registering vehicles, and licensing drivers. This division has been reallocated to the Fiscal Services Division and Legal Services Division.

Fiscal Year 2007 Governor's Recommendations

- \$1,170,000 transferred from the Department of Public Safety for law enforcement costs of driver licensing and vehicle titling.
- \$10,801,706 and 267.5 staff reallocated from various divisions, including \$10,222,595 general revenue.
- (\$25,409,946) and (473.43) staff reallocated to various divisions, including (\$19,497,022) general revenue.

DIVISION OF TAXATION

The Taxation Bureau was responsible for administering and enforcing taxation and collection regulations. This division has been reallocated to the Customer Services Division.

Fiscal Year 2007 Governor's Recommendations

- (\$43,117,991) and (885.27) staff reallocated to various divisions, including (\$31,894,558) general revenue.

DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

The Division of Motor Vehicle and Drivers Licensing was responsible for administering and enforcing vehicle registration and titling and driver license regulations. This division has been reallocated to the Customer Services Division.

Fiscal Year 2007 Governor's Recommendations

- \$3,830,000 transferred from the Department of Public Safety for law enforcement costs of driver licensing and vehicle titling.
- \$3,182,575 and 66.85 staff reallocated from various divisions, including \$1,911,035 general revenue.
- (\$27,287,321) and (535.16) staff reallocated to various divisions, including (\$14,462,116) general revenue.

CUSTOMER SERVICES DIVISION

The Customer Services Division serves Missouri citizens by providing taxation, motor vehicle, and licensing services. The Taxation Bureau is responsible for administering and enforcing taxation and collection regulations. Its collection activities include account management, lien filing, third-party collection referrals, tax clearances, and debt offsets. The bureau has eight in-state field offices (St. Louis, Kansas City, Springfield, Jefferson City, Joplin, St. Joseph, Columbia, and Cape Girardeau) that handle taxpayer assistance inquiries. Tax auditors are stationed in these offices and four out-of-state offices (Chicago, Dallas, Los Angeles, and New York) to foster compliance with Missouri tax laws. The Motor Vehicle Bureau is responsible for administering and enforcing vehicle registration and titling regulations. It titles and registers motor vehicles and watercraft, licenses motor vehicle dealers and boat dealers, and collects state and local sales/use tax and other vehicle fees. The Driver License Bureau is responsible for administering and enforcing driver license regulations and financial responsibility programs. The Customer Assistance Bureau oversees 184 contract license offices that provide driver licensing and motor vehicle titling and registration services to Missourians.

Fiscal Year 2007 Governor's Recommendations

- \$1,893,890 for law enforcement costs of driver licensing and motor vehicle titling.
- \$1,082,837 for pay plan, including \$841,548 general revenue.
- \$59,607,964 and 1,152.43 staff reallocated from various divisions, including \$36,105,959 general revenue.
- (\$15,924,685) and (148.85) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$10,767,656) general revenue.
- (\$116,561) transferred to the statewide leasing budget.

DEPARTMENT OF REVENUE

LEGAL SERVICES DIVISION

The General Counsel's Office advises the director on legal matters and represents the director in legal proceedings. The Governmental Affairs Bureau develops and tracks the department's legislation and estimates the fiscal impact of legislation that relates to the department. The Criminal Investigation Bureau investigates suspected tax, motor vehicle, dealers, and driver license fraud, and prepares cases for prosecution. Human Resource Services and Development is responsible for recruitment, training, employee relations' services, and payroll processing.

Fiscal Year 2007 Governor's Recommendations

- \$114,292 Motor Vehicle Commission Fund and three staff to ensure funding is properly aligned with duties of criminal investigators.
- \$172,420 for pay plan, including \$114,989 general revenue.
- \$4,604,809 and 114.58 staff reallocated from various divisions, including \$3,026,132 general revenue.
- (\$114,292) and (three) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$6,143) Motor Vehicle Commission Fund transferred to the Office of Administration for statewide consolidated information technology services.

FISCAL SERVICES DIVISION

The Director of Revenue's office supervises all operations of the department. The Financial and General Services Bureau provides accounting, procurement, cash management, stores, receiving, mail operations, warehousing, archival, delivery, motor pool, and facility services to the department. The Internal Compliance Bureau reviews and evaluates the department's accounting controls and appraises the effectiveness and efficiency of the use of department resources. Field Compliance Bureau auditors are stationed in eight in-state offices and four out-of-state offices (in the same locations as the Customer Service Division) to foster compliance with Missouri tax laws.

Fiscal Year 2007 Governor's Recommendations

- \$306,319 for costs due to increased postage rates, including \$208,014 general revenue.
- \$103,740 to replace obsolete letterpress technology with mandatory digital technology, including \$70,543 general revenue.
- \$445,805 for pay plan, including \$407,006 general revenue.
- \$17,618,204 and 292.50 staff, reallocated from various divisions, including \$14,587,975 general revenue.
- (\$55,260) transferred to the Office of Administration for statewide consolidated information technology services, including (\$48,439) general revenue.

STATE TAX COMMISSION

The State Tax Commission is a quasi-judicial administrative agency created by the Missouri Constitution to perform six basic functions. These functions are: to equalize inter- and intra-county assessments; conduct de novo judicial hearings regarding valuation and classification appeals from local boards of equalization; formulate and implement statewide assessment policy and procedures to comport with statutory and constitutional mandates; supervise local assessing officials and local assessment programs to ensure compliance with statewide requirements; conduct ratio studies to determine the assessment level in each county and to measure the quality of the assessments; and assess the distributable property of railroads and public utilities.

Fiscal Year 2007 Governor's Recommendations

- \$96,972 for pay plan.
- (\$76,317) and (one) staff transferred to the Office of Administration for statewide consolidated information technology services.

**DEPARTMENT OF REVENUE
DISTRIBUTIONS**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Prosecuting Attorneys and Collection Agencies	\$ 2,897,247	\$ 2,580,000	\$ 2,580,000
County Filing Fees	160,043	450,000	450,000
Contingency Fees for Collection Enhancements	5,969,812	3,500,000	0
Contract Auditors	2,594	0	0
Tax Data Matching for Collection Enhancements	84,708	7,600,000	0
State Share of Assessment Maintenance Costs	18,785,668	18,785,668	18,785,668
Certification Compensation	75,561	77,112	77,112
Motor Fuel Tax Distribution to Cities and Counties	190,668,718	188,000,000	188,000,000
County Stock Insurance Tax	150,000	500,000	500,000
Homestead Preservation Credit	0	0	2,000,000
Debt Offset For Tax Credits Transfer	0	1,000	20,000
Debt Offset Transfer	10,797,862	10,512,884	10,797,884
Income Tax Refund Designations	356,230	343,224	396,000
TOTAL	\$ 229,948,443	\$ 232,349,888	\$ 223,606,664
General Revenue Fund	38,131,925	44,349,888	35,606,664
Conservation Commission Fund	171,718	0	0
State Highways and Transportation			
Department Fund	976,082	0	0
Motor Fuel Tax Fund	190,668,718	188,000,000	188,000,000

PAYMENTS TO PROSECUTING ATTORNEYS AND COLLECTION AGENCY FEES

Section 136.150, RSMo, provides for payment of a collection fee of 20 percent of delinquent taxes, licenses, or fees recovered on behalf of the state by collection agencies or prosecuting attorneys. The collection fee is deposited in the county treasury with one-half of the fee for use by the attorney's office and one-half to be expended as the county determines. This incentive program provides additional resources to counties and a five-to-one benefit/cost ratio to the state.

Section 140.850, RSMo, authorizes the Department of Revenue to use commercial collection agencies to collect delinquent taxes owed by resident and non-resident taxpayers (individuals and businesses). The statutes permit payment of a collection fee not to exceed 25 percent of the amount collected.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

COUNTY FILING FEES

The Department of Revenue is authorized to file tax liens on property owned by taxpayers that are delinquent in income tax or sales/use tax. County recorders charge the Department of Revenue a fee of \$3.00 for the filing of each tax lien and a fee of \$1.50 for each release of a tax lien filed on property owned by taxpayers that are delinquent in income tax or sales/use tax.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

CONTINGENCY FEES FOR COLLECTION ENHANCEMENTS

The Department of Revenue contracted with a private firm to generate additional collections through enhancements to its Computer-Assisted Collection System (CACS). The vendor will be paid only to the extent that the enhancements generate additional revenue in excess of an agreed upon baseline amount. The CACS upgrade will be completed in Fiscal Year 2006.

Fiscal Year 2007 Governor's Recommendations

- (\$3,150,000) core reduction from the Fiscal Year 2006 level.
- (\$350,000) transferred to the Office of Administration for statewide consolidated information technology services.

DEPARTMENT OF REVENUE

TAX DATA MATCHING FOR COLLECTION ENHANCEMENTS

The tax data matching system allows the department to enhance the collection process by focusing on habitually delinquent accounts and those that avoid tax filing and payment to the state.

Fiscal Year 2007 Governor's Recommendations

- (\$4,617,771) transferred to the Office of Administration for statewide consolidated information technology services.
- (\$2,982,229) core reduction from the Fiscal Year 2006 level.

STATE SHARE OF ASSESSMENT MAINTENANCE COSTS

The state reimburses a portion of the costs and expenses for maintaining assessments by the county assessors and the St. Louis City assessor.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

CERTIFICATION COMPENSATION

The state provides quarterly compensation to assessors, except those in first-class charter counties, who maintain an education certification with the State Tax Commission.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

HOMESTEAD PRESERVATION TAX CREDIT

Section 137.106, RSMo, the Homestead Preservation Act, enables qualified senior citizens and disabled persons to obtain a credit against their property taxes for an increase to their taxes that exceeds established thresholds. This appropriation provides funds to be distributed to county governments to offset property taxes of qualified applicants.

Fiscal Year 2007 Governor's Recommendations

- \$2,000,000 for distribution to various county governments.

MOTOR FUEL TAX DISTRIBUTION TO CITIES AND COUNTIES

Article IV, Section 30(a)(2), Constitution of Missouri, requires 15 percent of the net proceeds from the Motor Fuel Tax collections be allocated to the incorporated cities, towns, and villages of the state to assist in the maintenance of streets and highways.

Article IV, Section 30(a)(1), Constitution of Missouri, requires that 10 percent of the net proceeds from Motor Fuel Tax collections be distributed to the counties to assist in the maintenance of county roads, highways, and bridges. On August 4, 1992, voters approved Constitutional Amendment No. 8 to require that 15 percent of the net proceeds resulting from any increase in the Motor Fuel Tax rate over the rate in effect on March 31, 1992, be distributed to the counties to assist in the maintenance of county roads, highways, and bridges.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF REVENUE

COUNTY STOCK INSURANCE

The Department of Revenue uses this appropriation to meet the apportionment requirements for the County Stock Insurance Tax required by Section 148.330, RSMo, while holding school districts and counties harmless to reductions from tax credits.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEBT OFFSET FOR TAX CREDITS

SB 1099 (2004) requires that tax credit applicants must apply any award to any delinquent income, sales, use, or insurance taxes. After applying all credits toward any delinquencies, the applicant can be issued any remaining credits. The Department of Revenue uses this appropriation to hold harmless local tax jurisdictions for local sales tax delinquencies.

Fiscal Year 2007 Governor's Recommendations

- \$19,000 for distribution to local tax jurisdictions.

DEBT OFFSET TRANSFER

Chapter 143, RSMo, provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the Office of State Treasurer the amount of the debt certified to be owed to a state agency in an amount not exceeding the tax refund claimed. Any amount in excess of the debt is forwarded to the taxpayer. Upon settlement of the claim through the established administrative hearings process, the escrow funds are returned to the state agency and/or the payee.

Fiscal Year 2007 Governor's Recommendations

- \$285,000 to offset debts owed to the state against tax refunds.

INCOME TAX CHECK-OFF REFUND DESIGNATIONS

State statutes permit individuals and corporations to contribute a portion of any income tax refund that they are owed to seven separate state trust funds or nine separate charitable trust funds. The seven state trust funds include the Children's Trust Fund (Section 210.174, RSMo); the Division of Aging Elderly Home Delivered Meals Trust Fund (Section 660.078, RSMo); the Veterans' Trust Fund (Section 42.140, RSMo); the Missouri National Guard Trust Fund (Section 41.215, RSMo); the Workers Memorial Fund (Section 143.1025, RSMo); the Childhood Lead Testing Fund (Section 143.603, RSMo); and the Missouri Military Family Relief Fund (Section 143.822, RSMo). The nine charitable funds (Section 143.605, RSMo) include: the American Cancer Society, Heartland Division, Inc., Fund; the ALS Lou Gehrig's Disease Fund; the American Lung Association of Missouri Fund; the Muscular Dystrophy Association Fund; the Arthritis Foundation Fund; the American Diabetes Association Gateway Area Fund; the American Heart Association Fund; the March of Dimes Fund; and the National Multiple Sclerosis Society Fund. The amounts designated by taxpayers for distribution to the seven trust funds are transferred from the General Revenue Fund.

Fiscal Year 2007 Governor's Recommendations

- \$52,776 for distribution to various income tax check-off funds.

DEPARTMENT OF REVENUE**STATE LOTTERY COMMISSION**

The Missouri State Lottery was established by voter approval of Constitutional Amendment No. 5 on November 6, 1984. On August 2, 1988, voters approved Constitutional Amendment No. 3 to revise the lottery prize structure and certain promotional restrictions.

Fiscal Year 2007 Governor's Recommendations

- \$271,705 Lottery Enterprise Fund for pay plan.
- (\$33,787) Lottery Enterprise Fund transferred to the statewide leasing budget.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Operating Expense			
Personal Service	\$ 6,541,460	\$ 6,792,627	\$ 7,064,332
Expense and Equipment	32,808,499	29,531,443	29,497,656
Prizes	<u>78,694,673</u>	<u>80,000,000</u>	<u>80,000,000</u>
TOTAL			
Lottery Enterprise Fund	\$ 118,044,632	\$ 116,324,070	\$ 116,561,988
Full-time equivalent employees	177.72	176.50	176.50

LOTTERY ENTERPRISE FUND TRANSFER

Section 39(b) of Article III of the Missouri Constitution provides that a minimum of 45 percent of moneys received from the sale of lottery tickets shall be paid as prizes. On August 4, 1992, voters approved Constitutional Amendment No. 11 to dedicate net lottery proceeds to fund public institutions of elementary, secondary, and higher education.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Lottery Enterprise Fund	\$ 218,285,010	\$ 217,956,990	\$ 217,956,990

DEPARTMENT OF TRANSPORTATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Highway Administration	\$ 22,937,486	\$ 26,370,464	\$ 26,396,455	\$ 27,189,821
Fringe Benefits	126,411,144	142,677,174	148,005,954	148,005,954
Fleet, Facilities & Information Systems	99,331,567	106,781,163	102,728,601	103,346,825
Highway Maintenance	328,746,873	343,127,214	346,604,542	352,296,810
Highway Construction	1,121,895,159	1,047,567,847	1,929,018,892	1,932,398,972
Multimodal Operations and Programs	52,036,083	59,106,140	57,914,613	57,130,810
DEPARTMENTAL TOTAL	\$ 1,751,358,312	\$ 1,725,630,002 *	\$ 2,610,669,057	\$ 2,620,369,192
General Revenue Fund	11,759,808	11,489,115	11,459,394	10,609,321
Federal Funds	51,989,494	57,431,590	53,720,954	53,751,383
Motorcycle Safety Trust Fund	316,510	325,000	325,000	325,000
Grade Crossing Safety Account	679,981	1,500,000	1,500,000	1,500,000
State Road Bond Fund	0	1	64,983,000	64,983,000
State Road Fund	1,300,507,088	1,645,913,440	2,469,799,895	2,480,282,417
State Highways and Transportation				
Department Fund	382,156,988	0	0	0
Railroad Expense Fund	688,283	828,048	744,485	759,973
State Transportation Fund	1,762,818	3,569,769	3,409,361	3,414,753
Light Rail Safety Fund	0	1	1	1
State Transportation Assistance				
Revolving Fund	450,000	550,000	550,000	550,000
Aviation Trust Fund	1,047,342	4,023,038	4,176,967	4,193,344
Full-time equivalent employees	7,193.35	6,990.20	6,990.20	6,990.20

* Does not include \$2 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Transportation supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$2.6 billion for the Department of Transportation. The department is responsible for overseeing all aspects of Missouri's transportation system. The core functions of the Department of Transportation include:

- Constructing and maintaining the state road and bridge system – a key component of state safety and economic development efforts.
- Encouraging safety on Missouri highways for citizens and Department of Transportation employees.
- Providing capital improvement and operating assistance grants for rural and urban transit systems, public airports, ports, ferry boats, and passenger rail service.
- Registering commercial motor vehicles.

DEPARTMENT OF TRANSPORTATION

HIGHWAY ADMINISTRATION

This section includes divisions that support the operations of the Highways and Transportation Commission, as well as the central functions of the department such as accounting, risk management, financial planning, and human resource management. Also included in this section is the Audits and Investigations Unit, which emphasizes the values of accountability and integrity in department operations, the Governmental Relations Unit, and the Community Relations Unit.

Fiscal Year 2007 Governor's Recommendations

- \$793,366 State Road Fund for pay plan.
- \$207,787 and 14 staff reallocated from various divisions.
- (\$181,796) State Road Fund core reduction from the Fiscal Year 2006 appropriation level.

FRINGE BENEFITS

This section includes the costs of providing medical and life insurance, retirement benefits, and workers' compensation for all Department of Transportation employees that are members of the Highway Employees and Highway Patrol Retirement System.

Fiscal Year 2007 Governor's Recommendations

- \$5,428,187 federal and other funds for increased fringe benefit costs.
- (\$99,407) core reduction from the Fiscal Year 2006 appropriation level, including (\$82,096) general revenue.

FLEET, FACILITIES & INFORMATION SYSTEMS

This section consists of General Services and Information Systems. The General Services Section provides fleet and facilities management, procurement, and other special services. The Information Systems Section oversees the department's information technology infrastructure and assists users of the system. Information systems are vital to the efficient day-to-day operations of the department.

Fiscal Year 2007 Governor's Recommendations

- \$618,224 State Road Fund for pay plan.
- (\$4,052,562) State Road Fund core reduction from the Fiscal Year 2006 appropriation level.

HIGHWAY MAINTENANCE

The Highway Maintenance Section maintains the state road system, public rest areas, and weigh stations. Projects such as road and shoulder rehabilitation, bridge repair and maintenance, snow and ice removal, and right-of-way mowing protect the state's transportation infrastructure and improve safety on Missouri roadways. This section also includes motorist assistance, highway safety programs, safe routes to schools programs, and the oversight of commercial motor vehicles throughout the state.

Fiscal Year 2007 Governor's Recommendations

- \$5,181,022 State Road Fund for maintenance projects.
- \$2,000,000 State Road Fund for the Safe Routes to School Program.
- \$68,907 State Road Fund for increased fuel costs in the Motorist Assistance Program.
- \$5,692,268 federal and other funds for pay plan.
- (\$3,564,814) federal and other funds core reduction from the Fiscal Year 2006 appropriation level.
- (\$207,787) and (14) staff reallocated to various divisions.

DEPARTMENT OF TRANSPORTATION

HIGHWAY CONSTRUCTION

This section oversees the state road construction program and such activities as land acquisition, contracting for road and bridge construction, monitoring of construction programs, and transportation enhancement activities.

Fiscal Year 2007 Governor's Recommendations

- \$399,762,000 State Road Fund for construction projects.
- \$382,000,000 State Road Fund-Series A 2006 to utilize bond proceeds for road and bridge projects.
- \$98,530,967 State Road Fund for debt service on outstanding road bonds.
- \$5,000,000 State Road Fund for transportation enhancement projects.
- \$3,380,080 State Road Fund for pay plan.
- (\$3,841,922) other funds core reduction from the Fiscal Year 2006 appropriation level.

**DEPARTMENT OF TRANSPORTATION
MULTIMODAL OPERATIONS AND PROGRAMS**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Multimodal Operations	\$ 6,105,450	\$ 6,866,834	\$ 6,937,104
Transit Programs			
Capital Assistance for Transportation of Elderly and Disabled Citizens	1,467,163	2,166,720	2,052,292
New Freedom Transit Program	0	0	300,000
State Aid for Transportation of Elderly, Disabled, and Low-Income Citizens	2,709,991	2,943,732	2,943,732
Small Urbanized Transit	0	1	1
Small Urban and Rural Transportation	8,765,926	6,303,850	7,672,678
Job Access and Reverse Commute Grants	0	0	500,000
Public Transit Capital Grants	6,942,217	12,000,000	8,000,000
Transit Planning Grants	4,577,118	5,000,000	5,500,000
Railroad Programs			
Local Rail Service Assistance	0	1	1
State Passenger Rail Assistance and Station Improvements	6,089,969	6,225,000	6,625,000
Rail Equipment	0	1	1
Light Rail Safety	0	1	1
Railroad Grade Crossing Safety	679,981	1,500,000	1,500,000
Aviation Programs			
State Aid to Airports	621,276	3,500,000	3,500,000
Federal Aviation Assistance	13,490,492	11,000,000	11,000,000
Waterways Programs			
Port Authority Assistance	586,500	600,000	600,000
Port Authority Capital Improvement Program	0	1,000,000	0
TOTAL	\$ 52,036,083	\$ 59,106,140	\$ 57,130,810
General Revenue Fund	11,688,355	11,407,019	10,609,321
Federal Funds	35,808,970	37,349,001	35,951,560
Grade Crossing Safety Account	679,981	1,500,000	1,500,000
State Road Fund	5,173	160,563	469,152
State Highways and Transportation Department Fund	140,641	0	0
Other Funds	3,712,963	8,689,557	8,600,777
Full-time equivalent employees	32.25	36.00	36.00

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

MULTIMODAL OPERATIONS

This section consists of the non-highway programs, including aviation, transit, rail, and waterways. The transit section provides financial and technical assistance to public transit and specialized transit providers across the state. This function is carried out through the administration of state and federal programs related to general public transportation, as well as specific transit programs for agencies serving senior citizens and/or persons with disabilities.

The rail section is responsible for improving freight rail services, passenger rail service, rail safety outreach, light rail safety oversight, rail/highway construction, and railroad/highway grade crossing safety. The rail unit also prepares and implements a state rail plan and administers federal funds to increase safety at railroad crossings.

The aviation section oversees state and federal funding programs for airport maintenance and capital improvement projects. This section is also responsible for airport safety inspections, maintaining the state airport systems plan, and working with local governments to secure federal aviation funding.

The waterways section assists cities and counties in forming port authorities that foster local economic growth. It also provides technical assistance and administrative funding to assist with port operations.

Fiscal Year 2007 Governor's Recommendations

- \$4,184,261 and 7.42 staff to realign the core budget, including \$3,765,589 general revenue.
- \$4,000 Aviation Trust Fund for increased program costs.
- \$66,270 federal and other funds for pay plan.
- (\$4,184,261) and (7.42) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$4,113,214) general revenue.

CAPITAL ASSISTANCE FOR TRANSPORTATION OF ELDERLY AND DISABLED CITIZENS

The transit section administers the federal Section 5310 Program that provides assistance to local not-for-profit transportation providers and public entities serving the elderly and people with disabilities. These entities use the federal funds to match local funds for purchasing vehicles.

Fiscal Year 2007 Governor's Recommendations

- (\$114,428) federal funds core reduction from the Fiscal Year 2006 appropriation level.

NEW FREEDOM TRANSIT PROGRAM

Federal funds available through the Section 5317 Program assist transit agencies and non-profit organizations to provide mobility services beyond those services required by the Americans with Disabilities Act (ADA).

Fiscal Year 2007 Governor's Recommendations

- \$300,000 federal funds for creation of the New Freedom Transit Program.

STATE AID FOR TRANSPORTATION OF ELDERLY, DISABLED, AND LOW-INCOME CITIZENS

The Missouri Elderly and Handicapped Transportation Assistance Program provides operating assistance for not-for-profit transportation providers serving elderly and disabled Missourians. State funds are used to match local, private, and federal funds available to these providers.

Fiscal Year 2007 Governor's Recommendations

- \$600,000 State Transportation Fund reallocated from state aid to port authorities.
- (\$600,000) core reduction from the Fiscal Year 2006 appropriation level, including (\$450,073) general revenue.

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

SMALL URBANIZED TRANSIT ASSISTANCE

The federal Section 5307 Program provides operating and capital assistance to public transportation systems in cities with populations between 50,000 and 200,000. These federal funds can be used as an offset for up to 50 percent of operating losses and up to 80 percent of capital expenses such as vehicle and equipment purchases.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

SMALL URBAN AND RURAL TRANSPORTATION PROGRAM

Federal funds authorized under Section 5311 are used to assist small urban and rural areas with a population less than 50,000. These federal funds can be used to offset up to 50 percent of operating losses/administrative expenses and up to 50 percent of capital expenses such as vehicle and equipment purchases.

Fiscal Year 2007 Governor's Recommendations

- \$1,868,828 federal funds for operating assistance and capital expenses.
- (\$500,000) federal funds reallocated to Job Access and Reverse Commute Grants.

JOB ACCESS AND REVERSE COMMUTE TRANSIT GRANTS

Federal funds available through the Section 5316 Program assist transit agencies in providing additional transit services to address work-related transportation needs. These federal funds can be used to offset up to 50 percent of operating losses and up to 80 percent of planning and capital expenses.

Fiscal Year 2007 Governor's Recommendations

- \$500,000 federal funds reallocated from the Small, Urban and Rural Transportation Program.

PUBLIC TRANSIT CAPITAL GRANTS

The federal Section 5309 Program provides financial assistance to rural and urban transit operators. These funds can be used to purchase buses and bus-related facilities and equipment.

Fiscal Year 2007 Governor's Recommendations

- (\$4,000,000) federal funds core reduction from the Fiscal Year 2006 appropriation level.

TRANSIT PLANNING GRANTS

Federal funds available through the Section 5305 Program enable metropolitan transit planning activities in seven metropolitan areas – St. Louis, Kansas City, Springfield, Columbia, St. Joseph, Joplin, and Jefferson City. This program supports demographic forecasting, corridor studies, transit service analysis, route and schedule evaluation, financial capacity analysis, special needs investigations, and transit management studies.

Fiscal Year 2007 Governor's Recommendations

- \$500,000 federal funds for financial assistance to metropolitan transit planning organizations.

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

LOCAL RAIL SERVICE ASSISTANCE PROGRAM

This program distributes federal financial assistance for acquisition, rehabilitation, improvement, or rail facility construction assistance. Program activities are contingent upon the availability of federal funding through Section 5 of the Department of Transportation Act.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATE PASSENGER RAIL ASSISTANCE AND STATION IMPROVEMENTS

Through the State Passenger Rail Assistance Program, Missourians are able to enjoy the benefits of service between Kansas City and St. Louis, with stops at various cities along the route. The state pays for a portion of the costs to run the twice-daily train route in addition to providing a small amount of assistance for station improvements to cities that own train stations.

Fiscal Year 2007 Governor's Recommendations

- \$400,000 State Transportation Fund to continue twice-daily passenger rail service across the state.

RAIL EQUIPMENT

As the federal government considers a nationwide system of high-speed rail transportation, federal funds may become available to states. Missouri participates as needed in the planning process for a future Midwest Rail High-Speed Network.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

LIGHT RAIL SAFETY

This program provides staff to investigate accidents involving the light rail system. The light rail operator bears the cost of this program through reimbursements for the state services.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

RAILROAD GRADE CROSSING SAFETY

This program provides state and federal resources to complete projects improving the safety of railroad grade crossings. The state funds come from a fee assessed on each motor vehicle at the time of motor vehicle licensing.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF TRANSPORTATION

MULTIMODAL OPERATIONS AND PROGRAMS (Continued)

STATE AID TO AIRPORTS/FEDERAL AVIATION ASSISTANCE

This program uses state and federal funds for airport capital improvements; maintenance of runways, taxiways, and aprons; and for emergency repairs on safety-related items. The state portion of these projects is funded from the Aviation Trust Fund which receives the use tax collected on aviation fuel.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATE AID TO PORT AUTHORITIES

This program provides a limited amount of assistance to local port authorities for administration, planning, and development activities. The active port authorities in Missouri are the Howard/Cooper County Regional Port Authority; Jefferson County Port Authority; Pemiscot County Port Authority; Southeast Missouri Regional Port Authority; Mississippi County Port Authority; New Madrid County Port Authority; New Bourbon Port Authority; St. Joseph Regional Port Authority; Lewis County-Canton Missouri Port Authority; Marion County Port Authority; Mid America Port Commission, and the Ports of Kansas City, St. Louis, and St. Louis County.

Fiscal Year 2007 Governor's Recommendations

- \$150,000 State Road Fund to realign the core budget for Ferry Boat operations.
- (\$600,000) State Transportation Fund reallocated to Missouri Elderly and Disabled Transportation Assistance Program.
- (\$550,000) State Transportation Fund core reduction from the Fiscal Year 2006 appropriation level.

OFFICE OF ADMINISTRATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Commissioner's Office	\$ 2,347,180	\$ 1,307,904	\$ 1,298,825	\$ 1,291,299
Division of Accounting	1,936,511	2,288,187	2,221,364	2,276,069
Division of Budget and Planning	1,475,429	1,672,259	1,706,600	1,768,801
Division of Information Services	5,921,625	18,654,346	139,391,907	148,035,208
Division of Design and Construction	1,390,048	774,425	0	0
Division of Personnel	2,662,226	2,536,739	2,454,628	2,326,838
Division of Purchasing and Materials Management	4,208,539	3,874,473	4,041,310	4,111,687
Division of Facilities Management, Design and Construction	21,595,096	20,784,047	25,000	25,000
Division of General Services	1,505,356	1,390,832	7,748,285	7,737,648
Assigned Programs	7,539,350	9,676,216	44,531,278	44,604,917
Debt and Related Obligations	57,130,390	53,747,815	88,710,895	88,660,895
Administrative Disbursements	73,440,319	55,404,844	18,709,228	11,129,328
TOTAL	\$ 181,152,069	\$ 172,112,087 *	\$ 310,839,320	\$ 311,967,690
General Revenue Fund	166,602,191	146,838,265	168,456,931	168,292,135
Federal Funds	6,366,349	16,116,423	76,016,695	76,306,928
Other Funds	8,183,529	9,157,399	66,365,694	67,368,627
Full-time equivalent employees	873.21	829.50	1,874.05	1,829.05

- Does not include \$2,660,000 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Office of Administration supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$312 million for the Office of Administration. The Office of Administration provides services for all state agencies and serves as the state's administrative office. The core functions provided by the Office of Administration include:

- Administering budget and accounting activities for the state.
- Administering the human resources system.
- Coordinating data processing and telecommunications for state agencies.
- Providing and maintaining office and other space for governmental operations.
- Procuring supplies, equipment, and services for state agencies.
- Managing the state transportation fleet.

OFFICE OF ADMINISTRATION

COMMISSIONER'S OFFICE

The Commissioner directs the one agency that provides central services and support to all other agencies of state government. These services include accounting, budget and planning, information services, asset management, personnel, purchasing and materials management, and general services.

Fiscal Year 2007 Governor's Recommendations

- \$42,474 for pay plan.
- (\$50,000) and (three) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$7,079) reallocated to the Information Technology Services Division for statewide consolidated information technology services.
- (\$2,000) reallocated to the Division of Budget and Planning.

DIVISION OF ACCOUNTING

The Division of Accounting maintains all financial records for state appropriations and funds, processes payments, controls production of warrants, and distributes checks. The division also issues warrants to the State Treasurer for expenditures; maintains computerized accounting, payroll, and check writing systems; and administers the Social Security Act for the state and political subdivisions. The division also provides financial data to executive and legislative officials.

Fiscal Year 2007 Governor's Recommendations

- \$115,140 and three staff for on-going examinations of state expenditures, to identify potential cost-savings.
- \$76,977 for pay plan.
- (\$103,003) reallocated to the Information Technology Services Division for statewide consolidated information technology services.
- (\$40,428) Federal Surplus Property Fund and (one) staff reallocated to the Division of Purchasing and Materials Management.
- (\$38,532) and (one) staff transferred to the Department of Corrections.
- (\$22,272) and (one) staff core reduction from the Fiscal Year 2006 appropriation level.

DIVISION OF BUDGET AND PLANNING

The Division of Budget and Planning analyzes state government programs and provides recommendations and information to the Governor, General Assembly, and state agencies regarding fiscal and other policies. The division prepares the budget instructions, reviews agency budget requests, prepares the annual executive budget, analyzes economic and demographic conditions, forecasts state revenues, and conducts technical policy and program analysis. To assist in state government management, the division controls appropriation allotments, manages the automated state budget system, prepares legislative fiscal notes, analyzes and develops policy options, and reviews federal issues and their impact on Missouri. The division prepares population estimates and projections required by state and local agencies and is Missouri's liaison to the United States Bureau of the Census.

Fiscal Year 2007 Governor's Recommendations

- \$62,201 for pay plan.
- \$37,812 reallocated from the Division of Facilities Management, Design and Construction.
- \$2,000 reallocated from the Commissioner's Office.
- (\$5,471) reallocated to the Information Technology Services Division for statewide consolidated information technology services.
- (One) staff core reduction from the Fiscal Year 2006 appropriation level.

INFORMATION TECHNOLOGY SERVICES DIVISION

The Information Technology Services Division provides mainframe computer processing services to all state agencies through the consolidated State Data Center. The state's telecommunication services are managed by the division, and those services are provided to state agencies. The division also provides Internet services, information technology education services, and network support to all state agencies.

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. In Fiscal Year 2006, information technology resources were reallocated to a new section within most departments' budgets that were administered by the Information Services Technology Division. Governor Blunt's budget also merged the Office of Information Technology into the Division of Information Services.

OFFICE OF ADMINISTRATION

INFORMATION TECHNOLOGY SERVICES DIVISION (Continued)

In Fiscal Year 2007, the scope of IT Consolidation is being expanded to transfer information technology (IT) budgets from agencies to the Information Technology Services Division. IT budgets from the Departments of Agriculture, Corrections, Economic Development, Elementary and Secondary Education, Health and Senior Services, Board of Higher Education, Insurance, Labor and Industrial Relations, Revenue, and Social Services are being transferred to the Information Technology Services Division.

Fiscal Year 2007 Governor's Recommendations

- \$3,419,384 for information technology services for the Department of Revenue.
- \$1,036,786 federal funds for information technology services for the Department of Mental Health.
- \$45,000 Elevator Safety Fund for a computer system for the Department of Public Safety's Elevator Safety Program.
- \$1,888,658 for pay plan, including \$964,903 general revenue.
- \$133,423,459 and 1,034.14 staff transferred from various departments for statewide consolidated information technology resources, including \$45,705,451 general revenue.
- \$259,246 reallocated from various divisions for statewide consolidated information technology resources, including \$256,488 general revenue.
- (\$6,468,174) federal funds core reduction for one-time expenditures.
- (\$4,141,097) and (30) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$3,791,014) general revenue.
- (\$82,400) and (two) staff reallocated to the Division of Purchasing and Materials Management.
- (One) staff reallocated to the Division of General Services.

DIVISION OF DESIGN AND CONSTRUCTION

The division provides project management and construction administration for capital improvement projects; reviews plans and specifications for state construction, maintenance, and repair projects; selects contracting architects and engineers for the design of larger projects; provides in-house design for smaller projects; oversees capital improvements expenditures; provides information for the preparation of the capital improvements budget; and assists state agencies and institutions with building and renovation problems.

During Fiscal Year 2006, Governor Blunt merged the Division of Design and Construction with the Division of Facilities Management to create the new Division of Facilities Management, Design and Construction.

Fiscal Year 2007 Governor's Recommendations

- (\$736,613) and (16.5) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$37,812) reallocated to the Division of Budget and Planning.
- (53.5) staff reallocated to the Division of Facilities Management, Design and Construction.

DIVISION OF PERSONNEL

The Division of Personnel provides central human resource management programs and services to all executive branch departments in compliance with the State Personnel Law and the principles of sound human resource management. Responsibilities include operation of the Missouri Merit System, position classification and compensation management, supervisory and management training, coordination of labor relations, and providing management expertise and other services to assist agencies.

The Personnel Advisory Board sets rules and regulations for the Merit System, approves classifications and pay plans, conducts appeal hearings for applicants and employees, and advises the Division of Personnel and the Governor on human resource administration.

Fiscal Year 2007 Governor's Recommendations

- \$85,988 for pay plan.
- (\$213,778) and (five) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$82,111) reallocated to the Information Technology Services Division for statewide consolidated information technology services.

OFFICE OF ADMINISTRATION

DIVISION OF PURCHASING AND MATERIALS MANAGEMENT

The Division of Purchasing and Materials Management centralizes procurement to save money by purchasing supplies, materials, and services in larger quantities and encourages competitive bidding and awards on all contracts. All of state government is served except the University of Missouri, Lincoln University, Truman State University, Missouri Department of Transportation, Judiciary, Lottery, and the General Assembly. It encourages the participation of suppliers, including small disadvantaged businesses, in the competitive bid process and ensures compliance with Chapter 34, RSMo. The division also coordinates recycling collection efforts of state agencies and administers the Recycling Products Preference Program. The materials management section recycles property among agencies and sells surplus state equipment through negotiated, sealed bids and auction sales. Surplus property sales receipts are used to pay the expenses of surplus property sales with the remaining receipts distributed to the appropriate state funds from which the equipment was purchased. This section also administers the Federal Surplus Property Program that distributes donated new and used federal surplus property to eligible entities which include all state agencies, political subdivisions, not-for-profit health and education entities, and service agencies that meet the federal program guidelines.

Fiscal Year 2007 Governor's Recommendations

- \$30,000 Federal Surplus Property Fund to cover operating costs of the State's recycling program.
- \$90,377 for pay plan, including \$58,657 general revenue.
- \$82,400 and two staff reallocated from the Department of Information Services for a prior year information technology consolidation adjustment.
- \$41,200 Federal Surplus Property Fund and one staff reallocated from the Division of Facilities Management, Design and Construction for the State recycling program.
- \$40,428 Federal Surplus Property Fund and one staff reallocated from the Division of Accounting for the surplus property program.
- (\$27,191) reallocated to the Information Technology Services Division for statewide consolidated information technology services, including (\$25,555) general revenue.
- (\$20,000) and (two) staff core reduction from the Fiscal Year 2006 appropriation level.

DIVISION OF FACILITIES MANAGEMENT, DESIGN AND CONSTRUCTION

The Division of Facilities Management, Design and Construction provides professional asset management services to assist state entities in meeting their facility needs for the benefit of the public. These services include: Real Estate Services, Portfolio Management, Facility Management, Project Management, Construction Management, Contract Management, Facility Condition Assessment, Space Management, Space Standards, Statewide Master Plan, and Energy Management. The mission is to provide a superior workplace environment for state occupants and their visitors and protect the State's investments in property assets. The goal is to provide agencies with the information and resources that will support their development of high-performance workplaces--workplaces that will meet agencies' business needs and can be readily adapted to changing work practices and strategies. While appropriation authority for the division will appear in the Office of Administration appropriation bill, the funds for purposes of the Executive Budget appear in the Statewide Leasing section.

Fiscal Year 2007 Governor's Recommendations

- 15.5 State Facility Maintenance and Operation Fund staff for a general fund switch to other funds.
- One State Facility Maintenance and Operation Fund staff for facility operations of a building previously operated by the Department of Economic Development.
- 53.5 State Facility Maintenance and Operation Fund staff reallocated from the Division of Design and Construction.
- 22.41 State Facility Maintenance and Operation Fund staff transferred from various departments for consolidation of facility maintenance.
- (\$16,275,630) transferred to the Statewide Leasing Budget for state office building rent and leasing administrative costs.
- (\$4,483,417) core reduction from the Fiscal Year 2006 appropriation level. The procedure for calculating state office building rent will change in Fiscal Year 2007.
- (One) staff reallocated to the Division of Purchasing and Materials Management.

OFFICE OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

The Division of General Services provides agencies with a variety of support services including printing, fleet management, administration of the Legal Expense Fund and the state employee Workers' Compensation Program, vehicle maintenance, mail services, and administration of the Missouri State Employees Charitable Campaign. The Division of General Services provides staff to administer the Missouri Public Entity Risk Management Fund, a liability and property insurance pool for Missouri public entities.

Fiscal Year 2007 Governor's Recommendations

- \$2,000,000 to reimburse the St. Louis and Kansas City Police Boards for liability claims pursuant to Section 105.726, RSMo.
- \$35,085 for pay plan.
- \$4,732,435 transferred from fringe benefits for administration and disbursement of the Legal Expense Fund, including \$4,000,000 general revenue.
- One staff reallocated from the Information Technology Services Division for a prior year information technology consolidation adjustment.
- (\$350,000) Governor's Council on Physical Fitness and Institution Gift Trust Fund transferred to the Department of Health and Seniors Services for the Governor's Council on Physical Fitness.
- (\$45,722) and (two) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$24,982) reallocated to the Information Technology Services Division for statewide consolidated information technology services.
- (Two) staff transferred to the Department of Public Safety for flight operations.

ASSIGNED PROGRAMS

ADMINISTRATIVE HEARING COMMISSION

The Administrative Hearing Commission conducts evidentiary hearings and makes findings of fact and conclusions of law relating to contested cases between private parties and state agencies. The commission's jurisdiction includes, among other things, appeals involving professional licensing matters, tax decisions by the Director of Revenue, Medicaid provider certifications and claims, assessments by the Missouri Ethics Commission, and certain actions by the Highways and Transportation Commission relating to railroads and motor carriers.

Fiscal Year 2007 Governor's Recommendations

- \$31,699 for pay plan.
- \$77,116 and one staff transferred from the Department of Natural Resources for additional resources to implement HB 824 (2005).
- (\$7,984) reallocated to the Information Technology Services Division for statewide consolidated information technology services.

OFFICE OF CHILD ADVOCATE

Pursuant to HB 1453 (2004), the Office of the Child Advocate operates as an independent agency under the Office of the Governor within the Office of Administration. The ombudsman provides families and citizens with an avenue through which they can obtain an independent and impartial review of the decisions and/or actions made by the Department of Social Services Children's Division.

There are three main duties of the advocate's office: 1) provide education to Missouri citizens regarding the child welfare process, including investigation, case management, and the court system; 2) receive and investigate complaints from citizens regarding the child welfare system; and 3) make recommendations on improving the system.

Fiscal Year 2007 Governor's Recommendations

- \$7,813 for pay plan, including \$5,234 general revenue.
- (\$6,000) core reduction from the Fiscal Year 2006 appropriation level.
- (\$251) reallocated to the Information Technology Services Division for statewide consolidated information technology services.

OFFICE OF ADMINISTRATION

ASSIGNED PROGRAMS (Continued)

CHILDREN'S TRUST FUND

The Children's Trust Fund and Children's Trust Fund Board were established to facilitate and fund the development of community-based prevention programs to strengthen families, prevent child abuse and neglect, and to provide public education about the problem of child abuse and its prevention. Activities of the Children's Trust Fund are divided into two broad areas: public education and program development, and funding. Each includes an array of programs to meet the goals of the board.

Fiscal Year 2007 Governor's Recommendations

- \$7,656 Children's Trust Fund for pay plan.
- (\$60) Children's Trust Fund reallocated to the Information Technology Services Division for statewide consolidated information technology services.

MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission Fund was established to receive grants, gifts, bequests, and federal grants to support the activities of the Children's Services Commission in accordance with Section 210.103, RSMo.

Fiscal Year 2007 Governor's Recommendations

- (\$10,000) Children's Service Commission Fund transferred to the Department of Elementary and Secondary Education for the Missouri Children's Services Commission.

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability promotes full participation of the nearly one million Missourians with disabilities in all aspects of community life by educating employers, employees, local and state governments, persons with disabilities, and other interested parties of their rights and responsibilities under the Americans with Disabilities Act, Missouri Human Rights Act, and other disability rights laws.

Fiscal Year 2007 Governor's Recommendations

- (\$196,610) and (four) staff transferred to the Department of Health and Senior Services for the Governor's Council on Disability.
- (\$52) reallocated to the Information Technology Services Division for statewide consolidated information technology services.

MISSOURI ASSISTIVE TECHNOLOGY COUNCIL

The Missouri Assistive Technology Council supports access to adaptive devices that increase the independence and productivity of Missourians with all types of disabilities. The council provides adaptive telecommunications devices and computer adaptations, short-term loan of a full range of assistive technology, used equipment exchange, and low-interest loans for the purchase of assistive technology and home modifications.

Fiscal Year 2007 Governor's Recommendations

- (\$3,489,149) federal and other funds and (ten) staff transferred to the Department of Elementary and Secondary Education for the Missouri Assistive Technology Council.
- (\$1,062) federal funds reallocated to the Information Technology Services Division for statewide consolidated information technology services.

OFFICE OF ADMINISTRATION

ASSIGNED PROGRAMS (Continued)

LIFE SCIENCES RESEARCH

HB 688 (2003) established the Life Sciences Research Trust Fund and requires the State Treasurer to deposit twenty-five percent of moneys received from the Tobacco Master Settlement Agreement into the fund each fiscal year, beginning in Fiscal Year 2007. The moneys will be used for the purposes of enhancing the capacity of the State of Missouri to perform life sciences research, build upon existing research institutions, and commercialize life sciences technologies.

Fiscal Year 2007 Governor's Recommendations

- \$38,500,000 Life Sciences Research Trust Fund for life sciences research in accordance with Section 196.1100, RSMo.

MISSOURI ETHICS COMMISSION

The Missouri Ethics Commission is charged with successfully fulfilling the duties and responsibilities described in Chapters 105 and 130, RSMo. These duties and responsibilities include, but are not limited to, the administration of the following: campaign finance disclosure, report review and audit, lobbyist registration, lobbyist report review and audit, personal financial disclosure statement, opinion writing in response to formal requests, investigation of conflict of interest allegations, audit and investigation of complaints, and investigation of alleged code of conduct violations.

Fiscal Year 2007 Governor's Recommendations

- \$32,471 for pay plan.
- (\$16,886) transferred to the statewide leasing budget.

DEBT AND RELATED OBLIGATIONS

BOARD OF PUBLIC BUILDINGS DEBT SERVICE

This appropriation is for payment of principal, interest, and reserve requirements on outstanding bonds.

Fiscal Year 2007 Governor's Recommendations

- \$30,014,488 to begin paying debt service on the Series A 2003 Bonds.
- \$1 on an open-ended basis as a placeholder for future debt service on the proposed Board of Public Building Series A 2006 Bonds that will be used for construction of a women's prison in Chillicothe, Missouri.

LEASE/PURCHASE DEBT SERVICE

This appropriation is for the payment of principal and interest on outstanding financings.

Fiscal Year 2007 Governor's Recommendations

- \$4,841,071 for increased debt service.
- (\$559,258) transferred to the statewide leasing budget for the St. Louis Old Post Office.

NORTHWEST MISSOURI STATE PLANT SCIENCES BUILDING DEBT SERVICE

For debt service for a new facility housing the Missouri Center of Excellence for Plant Biologics at Northwest Missouri State University.

Fiscal Year 2007 Governor's Recommendations

- \$1,100,000 transferred from the statewide leasing budget for the Northwest Missouri State Plant Science Facility Debt Service.
- (\$440,000) core reduction from the Fiscal Year 2006 appropriation level.

OFFICE OF ADMINISTRATION

DEBT AND RELATED OBLIGATIONS (Continued)

STATE PROPERTY PRESERVATION

This appropriation is for transferring funds to the State Property Preservation Fund for repair or replacement of damaged state facilities, or for defeasance of outstanding debt secured by the damaged facilities.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

MISSOURI HEALTH AND EDUCATIONAL FACILITIES AUTHORITY DEBT SERVICE

The Missouri Health and Educational Facilities Authority (MoHEFA) has issued \$39,999,569 in Series A 1989 Missouri College Savings Bonds to fund building projects at the University of Missouri. In November 2001, \$35 million in bonds were issued for the University of Missouri-Columbia Arena Project.

Fiscal Year 2007 Governor's Recommendations

- \$6,778 for increased debt service on bonds for the University of Missouri arena.

DEBT MANAGEMENT

This appropriation is for professional assistance with managing the state's \$2.5 billion outstanding debt so that the Office of Administration can monitor the debt and act quickly to take advantage of savings opportunities.

Fiscal Year 2007 Governor's Recommendations

- (\$50,000) core reduction from the Fiscal Year 2006 appropriation level.

NEW JOBS TRAINING CERTIFICATES

Sections 178.892 to 178.896, RSMo, established the New Jobs Training Program. Businesses establishing new jobs in the state can enter into an agreement with a community college district to provide training for new employees. The training is funded from the proceeds of new jobs training certificates issued by community college districts. The debt service on the certificates is payable from the employees' Missouri income tax withholding credits. If the business would sharply decrease or eliminate its operations, funds may not be available to meet debt service costs.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

CONVENTION AND SPORTS COMPLEX PROJECTS

SB 295 (1989) authorized annual appropriations of state matching funds for convention and sports complex capital projects in certain cities and counties. Ongoing projects include: Jackson County Sports Complex Stadium, \$3,000,000; Bartle Hall, \$2,000,000; and Edward Jones Dome, \$12,000,000.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

BOARD OF UNEMPLOYMENT FUND FINANCING

House Bill 1268 (2004) established the Board of Unemployment Fund Financing and authorized them to sell up to \$450 million of credit instruments or enter into financial agreements to provide funds for payments of employment benefits to maintain an adequate fund balance in the Employment Compensation Fund.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

ADMINISTRATIVE DISBURSEMENTS

Acting as the central financial agency for the state, the Office of Administration makes numerous disbursements each year.

CASH MANAGEMENT IMPROVEMENT ACT

The federal Cash Management Improvement Act of 1990 and 1992 requires that the state pay interest on certain federal grant monies while deposited in the State Treasury. Interest is calculated and paid at the daily equivalent of the annualized 13-week average Treasury Bill Rate.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

AUDIT RECOVERY DISTRIBUTION

This is a mechanism to allow the distribution of a percentage of monies recovered by the state to the audit firm that recovers the money.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

COUNTY SHERIFF REIMBURSEMENTS

Should the need arise, this appropriation would be used for payments to county sheriffs for reimbursement of expenses incurred to process applications for concealed carry endorsements or renewals in excess of the maximum fee permitted by law, pursuant to Section 50.535, RSMo.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATEWIDE OPERATIONAL MAINTENANCE AND REPAIR TRANSFER

This section allows for the transfer of general revenue into departmental operating budgets for statewide maintenance and repair appropriations.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

BUDGET RESERVE INTEREST

In the event that the General Revenue Fund borrows money from the Budget Reserve Fund or other funds, general revenue must repay the loan with interest. This mechanism will allow that to happen.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

TRANSFER TO BUDGET RESERVE FUND

Article IV, Section 27(a), requires a transfer from either general revenue or the Budget Reserve Fund depending on the balance left in the Budget Reserve Fund at the close of a fiscal year.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

OFFICE OF ADMINISTRATION

ADMINISTRATIVE DISBURSEMENTS (Continued)

OTHER FUND CORRECTIONS

A transfer section is needed as a mechanism by which corrections can be made when money is erroneously deposited into the wrong fund.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

FLOOD CONTROL LANDS GRANT

The Flood Control Lands Grant is a "pass-through" of funds that represents 75 percent of the monies from leases of the land owned by the United States under the Flood Control Act. Sections 12.080 and 12.090, RSMo, prescribe that the funds be used for the benefit of public schools and public roads of the county in which the government land is situated. These funds may also be used for any expenses of the county government, including public obligations of levee and drainage districts for flood control and drainage improvements.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

NATIONAL FOREST RESERVE GRANT

The National Forest Reserve Grant is a "pass-through" of funds received from the federal government. Sections 12.070 and 12.090, RSMo, provide for 25 percent of all the money received by the National Forest Reserve by the state to be expended for the benefit of public schools and public roads of the county in which the forest reserve is located. Of the total received, 75 percent will be spent for public schools and 25 percent for public roads.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

CLARENCE CANNON PAYMENT

A contract with the U.S. Army Corps of Engineers, developed with the concurrence of the executive and legislative branches, requires that the state pay a share of the cost of water supply storage in Mark Twain Lake on the Salt River in northeastern Missouri. The contract results from a request by the state for the corps to build water supply storage into the Clarence Cannon Dam project to meet water needs of that part of Missouri, which has been chronically short of potable water.

Fiscal Year 2007 Governor's Recommendations

- (\$550,000) transferred to the Department of Natural Resources for the Clarence Cannon payment.

COUNTY JUVENILE PERSONNEL REIMBURSEMENTS

The state is required to reimburse specified counties for a percentage of their juvenile court budget.

Fiscal Year 2007 Governor's Recommendations

- (\$7,579,900) transferred to the Judiciary for county juvenile personnel reimbursements.

OFFICE OF ADMINISTRATION

ADMINISTRATIVE DISBURSEMENTS (Continued)

COUNTY PROSECUTION REIMBURSEMENTS

The state may provide reimbursement to counties for expenses incurred in the prosecution of crimes within correctional institutions and expenses of trials of capital cases in limited circumstances.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

COSTS IN CRIMINAL CASES

In accordance with Chapters 550 and 548 and sections 57.290 and 221.105, RSMo, the state pays counties and sheriffs for court costs of indigents in criminal cases, costs of incarceration, transporting prisoners to state prisons, and serving extradition warrants.

Fiscal Year 2007 Governor's Recommendations

- (\$35,960,616) transferred to the Department of Corrections for reimbursement to counties for costs associated with criminal cases.

REGIONAL PLANNING COMMISSIONS

State financial aid enables local governments, through regional planning commissions, to initiate programs and services identified as important by member governments. State funds are matched by local funds.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

INTERGOVERNMENTAL COOPERATION COMMISSION

The Intergovernmental Relations Commission is the focal point from which state agencies receive information and recommendations on intergovernmental issues. The Missouri Commission on Intergovernmental Cooperation works closely with the Governor's Federal Fiscal Impact Commission, follows the devolution of federal programs, and studies the effect on state and local governments.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

PUBLIC TELEVISION AND PUBLIC RADIO GRANTS

Funds are distributed through these grants to Missouri public television and radio stations for assistance in operating costs.

Fiscal Year 2007 Governor's Recommendations

- (\$195,000) transferred to the Department of Economic Development for public television and public radio grants.

ELECTED OFFICIALS TRANSITION

The state provides operating costs for the transition into office of newly elected officials, including the Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, and Attorney General.

Fiscal Year 2007 Governor's Recommendations

- \$10,000 for the auditor transition costs.

FRINGE BENEFITS

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
OASDHI Taxes	\$ 142,922,496	\$ 151,362,362	\$ 151,350,551	\$ 157,060,000
Missouri State Employees' Retirement System	197,303,193	244,547,352	244,169,637	255,128,000
Teacher Retirement Contributions	2,633,625	3,565,560	3,565,560	3,540,560
Deferred Compensation	11,270,537	11,199,263	11,199,263	11,541,370
Unemployment Benefits	4,189,586	3,903,691	4,603,502	4,052,996
Missouri Consolidated Health Care Plan	322,345,375	322,119,324	357,381,870	359,912,870
Workers' Compensation	22,862,854	22,178,554	22,178,186	22,178,186
Other Employer Disbursements	10,621,239	5,594,437	862,002	862,002
TOTAL	\$ 714,148,905	\$ 764,470,543	\$ 795,310,571	\$ 814,275,984
General Revenue Fund	455,603,218	475,323,434	497,076,816	508,709,495
Federal Funds	129,439,286	147,578,286	156,724,221	160,837,877
Other Funds	129,106,401	141,568,823	141,509,534	144,728,612

FRINGE BENEFITS

CONTRIBUTION TO OASDHI TAXES

The State of Missouri pays the employer's share of federal Old Age and Survivors Disability and Health Insurance contributions on the salaries of all state employees, with the exception of employees of the state universities and four-year colleges. These funds are transferred to a contribution fund for matching payments to the Social Security Administration.

Fiscal Year 2007 Governor's Recommendations

- \$6,533,000 for increased costs to the state for social security benefits due to pay plan, including \$3,579,000 general revenue.
- \$1,592,000 for new staff statewide, including \$431,000 general revenue.
- \$258,640 transferred from the Department of Mental Health for fringe costs for the nursing pool.
- (\$2,415,551) core reduction from the Fiscal Year 2006 appropriation level, including (\$1,111,228) general revenue.
- (\$270,451) transferred to the Department of Mental Health for fringe savings from a reduction of Bellefontaine staff.

CONTRIBUTION TO MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

The State of Missouri provides an employer funded retirement program for employees through a contribution of a specified percentage of members' wages to the Missouri State Employees' Retirement System. Included in the state's contribution is a payment per month, per eligible employee to the Missouri State Employees' Benefit Plan and a payment of long-term disability premiums.

Fiscal Year 2007 Governor's Recommendations

- \$9,994,000 for increased costs to the state for retirement benefits due to pay plan, including \$6,651,000 general revenue.
- \$4,105,000 to increase the state contribution rate as a percentage of payroll from 12.59 percent to 12.78 percent, including \$2,880,000 general revenue.
- \$2,277,000 for new staff statewide, including \$898,000 general revenue.
- \$120,061 transferred from the Department of Mental Health for fringe costs for the nursing pool.
- (\$5,417,637) core reduction from the Fiscal Year 2006 appropriation level, including (\$2,680,694) general revenue.
- (\$497,776) transferred to the Department of Mental Health for fringe savings from a reduction of Bellefontaine staff.

TEACHER RETIREMENT CONTRIBUTIONS

Section 104.342, RSMo, provides that the Commissioner of Administration shall requisition monthly and certify the payment of contributions to the Public School Retirement System (PSRS). Authority to transfer and expend these monies is required to comply with statutory provisions. Certified teachers involved are employed by the Department of Elementary and Secondary Education, Department of Mental Health, Department of Social Services, Department of Corrections, and remain members of the PSRS.

Fiscal Year 2007 Governor's Recommendations

- (\$25,000) Lottery Proceeds Fund core reduction from the Fiscal Year 2006 appropriation level.

DEFERRED COMPENSATION PROGRAM

The Missouri State Public Employees Deferred Compensation Commission was created by Sections 105.900 to 105.927, RSMo, to encourage employees to supplement the Missouri State Employees' Retirement Plan and their Social Security. Participation in the Deferred Compensation Plan doubled after the \$25 per month match was legislated in 1996. Approximately 39,000 employees qualify for the match.

Fiscal Year 2007 Governor's Recommendations

- \$270,107 to bring the Deferred Compensation appropriation in line with estimated Fiscal Year 2007 expenditures.
- \$72,000 for new staff statewide, including \$31,000 general revenue.

FRINGE BENEFITS

DISBURSEMENT FOR UNEMPLOYMENT BENEFITS

The State of Missouri, as a governmental entity, is required to pay contributions to the Division of Employment Security as specified by law so that unemployment claims may be paid to former employees. A governmental entity may elect to either pay contributions in advance based on a statutory formula or to reimburse the Division of Employment Security for actual claims paid out to former employees. The State of Missouri utilizes the reimbursement for actual claims paid option. By using this deferred method of payment and one central appropriation, the state simplifies the administration of unemployment benefits.

Fiscal Year 2007 Governor's Recommendations

- \$699,811 State Road Fund to bring unemployment benefits appropriation in line with estimated Fiscal Year 2007 expenditures.
- (\$550,506) transferred to the Department of Higher Education for unemployment benefits for state colleges and universities.

MISSOURI CONSOLIDATED HEALTH CARE PLAN

The Missouri Consolidated Health Care Plan administers health care benefits for state employees. In 1995, municipalities and other public entities were allowed to join the Missouri Consolidated Health Care Plan as well, building a larger pool of members and greater bargaining power for lower cost medical services.

Fiscal Year 2007 Governor's Recommendations

- \$36,070,716 to continue benefits for calendar year 2006 and for expected increases for the first half of calendar year 2007, including \$26,951,446 general revenue.
- \$2,531,000 for new staff statewide, including \$1,235,000 general revenue.
- \$210,406 transferred from the Department of Mental Health for fringe costs for the nursing pool.
- (\$1,018,576) transferred to the Department of Mental Health for fringe savings from a reduction of Bellefontaine staff.

WORKERS' COMPENSATION

The State of Missouri is responsible for payment of Workers' Compensation benefits to injured state employees in accordance with Chapter 287, RSMo. The payment of Workers' Compensation benefits for all state employees, excluding the Department of Transportation, the Missouri State Highway Patrol, and the University of Missouri system, is covered under this program and is administered by the Office of Administration's Division of General Services. Payments made by general revenue on behalf of employees paid from other funding sources are transferred from these funds back to general revenue. As a Workers' Compensation self-insurer, the state pays its Workers' Compensation tax and Second Injury Fund assessments based on billings received from the Department of Insurance and the Division of Workers' Compensation.

Fiscal Year 2007 Governor's Recommendations

- (\$368) transferred to the Office of Administration for statewide consolidated information technology services.

OTHER EMPLOYER DISBURSEMENTS

VOLUNTARY LIFE INSURANCE

State employees may opt to withhold funds for voluntary life insurance. This appropriation provides expenditure authority to distribute the monies withheld to the various life insurance companies as designated by the employees.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

CAFETERIA PLAN TRANSFER

The state offers a tax reduction plan for state employees. The federal government requires the state to provide a sufficient balance in the medical expenses category for timely reimbursements to plan participants.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

FRINGE BENEFITS

OTHER EMPLOYER DISBURSEMENTS (Continued)

HUMAN RESOURCES CONTINGENCY FUND TRANSFER

This transfer section has been added to ensure that payroll checks submitted for payment against accounts with temporary allotment or fund cash flow problems can be generated within the time constraints of pay period processing.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

LEGAL EXPENSE FUND

The State of Missouri, its agencies, officials, appointees, and employees are exposed to liability in the conduct of official state business. The Office of Administration, in association with the Attorney General's Office, seeks to provide a means to fund claims and judgments against these individuals and agencies in the most cost-effective manner possible. The State Legal Expense Fund was created to pay claims against the state, its officers, and employees as provided under Section 105.711, RSMo.

Fiscal Year 2007 Governor's Recommendations

- (\$4,732,435) transferred to the Office of Administration to allow administration and disbursement of the Legal Expense Fund by the Division of General Service, including (\$4,000,000) general revenue.

DEPARTMENT OF AGRICULTURE

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Office of the Director	\$ 7,064,386	\$ 11,238,105	\$ 21,541,742	\$ 16,293,025
Information Technology	0	1,061,877	0	0
Agriculture Business Development	3,229,742	4,237,257	4,293,137	4,348,060
Division of Animal Health	3,585,373	4,816,356	4,833,202	4,941,432
Division of Grain Inspection and Warehousing	2,064,878	2,840,106	2,867,607	2,958,459
Division of Plant Industries	2,331,498	2,750,856	3,128,067	3,200,900
Division of Weights and Measures	2,692,022	4,004,470	3,460,386	3,551,231
Missouri State Fair	4,284,779	5,113,295	5,159,117	5,227,336
State Milk Board	1,077,267	1,561,577	1,567,701	1,581,486
DEPARTMENTAL TOTAL	\$ 26,329,945	\$ 37,623,899 *	\$ 46,850,959	\$ 42,101,929
General Revenue Fund	14,530,608	16,484,499	27,758,027	22,742,779
Federal Funds	1,962,335	5,443,995	4,629,026	4,683,906
State Fair Fees Fund	3,760,702	4,655,352	4,634,697	4,682,337
Milk Inspection Fees Fund	951,443	1,446,771	1,440,896	1,450,737
Grain Inspection Fees Fund	1,239,891	1,955,228	1,986,486	2,047,589
Petroleum Inspection Fund	1,566,217	2,168,769	2,160,551	2,211,763
Petroleum Violation Escrow Fund	0	1,100,001	0	0
Marketing Development Fund	1,285,498	2,095,030	1,665,863	1,670,401
Other Funds	1,033,251	2,274,254	2,575,413	2,612,417
Full-time equivalent employees	377.10	423.05	411.30	411.30

* Does not include \$93,101 recommended in the Fiscal Year 2006 Supplemental Appropriations, including \$29,415 general revenue. See the Supplemental section of the Missouri Budget for details regarding Department of Agriculture supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$42.1 million for the Department of Agriculture. The department provides services for Missouri's farmers, ranchers, and agricultural processors. The core functions provided by the Department of Agriculture include:

- Promoting Missouri agriculture, both at home and abroad.
- Assisting start-up value-added agriculture businesses.
- Protecting Missouri's livestock and domestic animals, and the businesses and citizens who rely on them.
- Inspecting Missouri's fresh fruits, vegetables, milk, feed, seed, and forest products.
- Regulation, control, and inspection of measuring devices and petroleum products.

DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as human resources, fiscal services, public information, information technology, and statistical services. The Director's Office also administers the Ethanol Producer Incentive Program and the Biodiesel Producer Incentive Program.

Fiscal Year 2007 Governor's Recommendations

- \$5,250,000 for incentives for biodiesel plants.
- \$625,000 for incentives for ethanol plants.
- \$310,000 federal and other funds for vehicle replacements.
- \$32,159 for pay plan, including \$24,256 general revenue.
- (\$1,100,001) Petroleum Violation Escrow Fund core reduction for one-time expenditures.
- (\$62,238) reallocated to various divisions, including (\$8,713) general revenue.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$24,018 federal funds reallocated to information technology.
- (\$902,914) and (11.50) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$504,335) general revenue.
- (\$182,981) reallocated to various divisions, including (\$19,529) general revenue.

DIVISION OF AGRICULTURE BUSINESS DEVELOPMENT

The Agriculture Business Development Division (ABD) increases the profitability of Missouri's farmers and agribusinesses by increasing international and domestic sales of agricultural products that are produced or processed in Missouri. The division provides six specific services: (1) business counseling, (2) domestic marketing assistance, (3) international marketing assistance, (4) industry facilitation, (5) product promotion, and (6) financial programs. The first five of these services are administered through the Business Services Program of ABD. Financial programs are administered through the Missouri Agriculture and Small Business Development Authority (MASBDA), which is governed by an independent board. MASBDA administers loans, loan guarantees, grants, and tax credits aimed at increasing the profitability of Missouri's farmers.

ABD staff are assigned to at least one of five customer teams: (1) Crops and Timber (also includes forages, feed ingredients, biomass, and biofuels); (2) Livestock (also includes meat products and dairy); (3) Horticulture and Agritourism (also includes farmers markets); (4) Food Products; and (5) Grape and Wine (which administers the Grape and Wine Program that is governed by an independent board). These teams work closely with commodity organizations and other industry partners to develop and implement strategies that meet client needs in each agricultural sector.

ABD also administers the AgriMissouri branding initiative which promotes products that are produced or processed in Missouri through a variety of marketing channels, including retail, restaurant, schools, institutions, and direct-to-consumer marketing. Over 250 Missouri businesses are members of AgriMissouri. Members of the Commission on the Marketing of Missouri Agricultural Products serve as advisors to the department's AgriMissouri marketing efforts.

Fiscal Year 2007 Governor's Recommendations

- \$457,173 Missouri Wine and Grape Fund to begin a two-year replacement of Marketing Development Fund and to support the staff and activities of the Missouri Wine and Grape Board, pursuant to SB 355 (2005).
- \$54,923 for pay plan, including \$35,272 general revenue.
- \$10,820 reallocated from various divisions, including \$1,638 general revenue.
- (\$412,113) Marketing Development Fund core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF AGRICULTURE

DIVISION OF ANIMAL HEALTH

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230, RSMo, which gives the director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City and Springfield, and additional professional services are contracted through the University of Missouri-Columbia College of Veterinary Medicine.

The division's Meat and Poultry Inspection Program works with producers to promote, protect, and develop the agricultural interests of Missouri processed meat products. This program helps livestock and poultry producers add value to their operations and capture additional profits from their meat products. To ensure the health and well being of companion animals sold in Missouri, the division also licenses and inspects animal shelters, dog pounds, boarding kennels, commercial kennels, contract kennels, and pet shops.

Fiscal Year 2007 Governor's Recommendations

- \$15,000 to enhance Missouri livestock exports through a quality assurance system.
- \$108,230 for pay plan, including \$64,048 general revenue.
- \$58,473 reallocated from various divisions, including \$3,498 general revenue.
- (\$56,277) Animal Health Laboratory Fee Fund transferred to the statewide leasing budget.
- (\$350) federal funds core reduction for one-time expenditures.

DIVISION OF GRAIN INSPECTION AND WAREHOUSING

The Division of Grain Inspection and Warehousing operates four programs to assist Missouri grain farmers and agribusinesses. The Grain Regulatory Services Program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Section 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The Grain Inspection Services Program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed, which are deposited into the Grain Inspection Fees Fund.

The division also administers the state's Certified Agricultural Mediation Program, which mediates disputes between Missouri farmers and USDA agencies, and the Commodity Merchandising Program, which provides centralized administration for the collection and distribution of fees for nine commodity check-off programs.

Fiscal Year 2007 Governor's Recommendations

- \$90,852 for pay plan, including \$25,043 general revenue.
- \$29,845 reallocated from various divisions, including \$2,528 general revenue.
- (\$2,344) Grain Inspection Fees Fund transferred to the statewide leasing budget.

DIVISION OF PLANT INDUSTRIES

The Division of Plant Industries operates six programs and two laboratories serving Missouri agriculture. The Feed and Seed Program performs sampling and laboratory analyses of planting seed and commercial feeds to ensure that they meet requirements for accurate labeling. Inspections are also conducted to ensure good manufacturing practices are followed and that prohibited mammalian protein is not formulated into feed rations to help prevent the dissemination of BSE (Mad Cow Disease).

The Pesticide Control Program promotes the safe use of pesticides by licensing private and commercial applications, conducting field inspections, conducting investigations of pesticide misuse, and ensuring the proper registration of pesticides. The Plant Pest Control Program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests that could be detrimental to plants and crops. Phytosanitary certification inspections are also conducted for plant materials being exported to other states and countries.

DEPARTMENT OF AGRICULTURE

DIVISION OF PLANT INDUSTRIES (Continued)

The Integrated Pest Management Program (IPM) promotes effective alternative strategies to traditional pest control through the use of biological control agents, pest resistant varieties, and adoption of improved cultural practices. The IPM Program also administers the Boll Weevil Eradication Program. The Forest Resources and Weed Control Program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The Fresh Fruit and Vegetable Inspection Program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

Fiscal Year 2007 Governor's Recommendations

- \$483,000 to support cotton boll weevil suppression and eradication efforts.
- \$72,833 for pay plan, including \$55,459 general revenue.
- \$21,711 reallocated from various divisions, including \$2,788 general revenue.
- (\$127,500) and (0.25) staff Organic Production and Certification Fee Fund core reduction from the Fiscal Year 2006 appropriation level.

DIVISION OF WEIGHTS AND MEASURES

The Division of Weights and Measures operates four regulatory programs and two laboratories to fulfill its goal of protecting consumers. The Device and Commodity Program inspects livestock market, grain elevator, vehicle, and small retail scales and scanning devices to ensure their accuracy. In addition, milk sales practices are monitored and shell eggs are inspected for quality.

The Petroleum/Propane/Anhydrous Ammonia Program protects consumers against inaccurate and unsafe gasoline pumps and unsafe practices by the retailer. They also inspect public institutions, commercial facilities, mobile home parks that store and use propane, and LPG-converted vehicles (including school buses) to protect lives and property from fire and explosions. In addition, they approve propane gas delivery truck and dispenser meters to prevent overcharges on fuel bills and oversee anhydrous ammonia fertilizer installations for safety.

The division's Metrology Laboratory certifies volume and weight standards used by device service repair technicians, maintains all mass and volume standards used for calibrating industry standards, and certifies all weighing and measuring devices used by the division's inspectors. In addition, the Moisture Meter Program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The Fuel Quality Program and laboratory collect samples and perform chemical analyses on gasoline, diesel fuel, heating oil, and other fuels to ensure that octane and other quality specifications are met.

Fiscal Year 2007 Governor's Recommendations

- \$142,500 to replace a digital mass comparator.
- \$23,229 to recertify selected weight standards.
- \$90,845 for pay plan, including \$37,027 general revenue.
- \$48,406 reallocated from various divisions, including \$235 general revenue.
- (\$716,477) federal funds core reduction from the Fiscal Year 2006 appropriation level.
- (\$41,742) core reduction for one-time expenditures.

DEPARTMENT OF AGRICULTURE

MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

Fiscal Year 2007 Governor's Recommendations

- \$68,219 for pay plan, including \$20,579 general revenue.
- \$45,822 reallocated from various divisions, including \$16,950 general revenue.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
State Fair Administration	\$ 4,284,779	\$ 5,113,294	\$ 5,227,335
Aid-To-Fairs Premiums	0	1	1
DIVISIONAL TOTAL	\$ 4,284,779	\$ 5,113,295	\$ 5,227,336
General Revenue Fund	531,193	497,469	534,998
State Fair Fees Fund	3,750,437	4,605,825	4,682,337
Marketing Development Fund	0	1	1
State Fair Trust Fund	3,149	10,000	10,000
Full-time equivalent employees	60.07	61.75	61.75

STATE MILK BOARD

The State Milk Board inspects, samples, and tests milk and milk products ensuring that they are wholesome and safe for consumption. The board operates both a Grade A Milk Inspection Program and a Manufacturing Grade Milk Inspection Program to ensure milk quality. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the Milk Inspection Fees Fund to cover all costs of the Grade A Milk Inspection Program. The Manufacturing Grade Milk Inspection Program, which ensures sanitation and quality standards for milk used only for manufacturing dairy products (e.g. cheese, butter, and ice cream), is funded from general revenue because inspection fees have not been assessed on manufacturing grade milk producers. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

Fiscal Year 2007 Governor's Recommendations

- \$13,785 for pay plan, including \$3,944 general revenue.
- \$6,124 reallocated from various divisions, including \$605 general revenue.

DEPARTMENT OF NATURAL RESOURCES

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Department Operations	\$ 7,062,511	\$ 3,511,458	\$ 5,605,104	\$ 5,701,454
Information Technology	0	8,608,901	0	0
Outreach and Assistance Center	4,527,612	6,001,779	0	0
Energy Center	25,445,626	8,311,474	9,568,923	9,610,391
Environmental Programs	227,297,330	227,920,972	234,986,225	235,041,817
Geology and Land Survey	3,686,014	4,098,550	3,424,611	3,525,531
Division of State Parks	31,571,150	36,120,923	35,152,754	36,042,170
Historic Preservation	82,733	600,000	2,724,591	2,698,890
Agency-Wide Implementation	18,375,242	31,785,816	31,469,168	31,513,296
Environmental Improvement and Energy Resources Authority	0	1	1	1
DEPARTMENTAL TOTAL	\$ 318,048,218	\$ 326,959,874	\$ 322,931,377	\$ 324,133,550
General Revenue Fund	7,815,188	6,641,165	12,041,597	10,547,582
Federal Funds	33,258,642	44,618,355	42,226,876	42,796,821
Other Funds	276,974,388	275,700,354	268,662,904	270,789,147
Full-time equivalent employees	1,875.72	1,945.88	1,858.44	1,835.44

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$324.1 million for the Department of Natural Resources. The department strives to preserve, protect, and enhance Missouri's natural, cultural, and energy resources. The core functions provided by the Department of Natural Resources include:

- Managing Missouri's state parks and cultural and historical resources.
- Protecting Missouri's water resources by enforcing state and federal environmental laws.
- Overseeing environmental programs that improve air quality and safely manage hazardous and solid waste.
- Helping landowners conserve fertile topsoil.
- Investigating the state's geology to determine the character and availability of the state's natural resources.
- Providing centralized assistance on environmental regulation and energy efficiency measures for farmers, builders, and local governments.

DEPARTMENT OF NATURAL RESOURCES

DEPARTMENT OPERATIONS

Included within Department Operations, the Office of the Director provides departmental focus on policies and outcomes, seeks to improve efficiency, drives customer-focused initiatives, ensures public participation in decision making, and attains results positively affecting the quality of water, air, land, energy, and recreational and cultural resources. The Office of the Director manages the department's four divisions, as well as the Energy Center and Water Resources Program, ensuring that the department meets all its responsibilities, statutory and otherwise. The office develops, implements, and coordinates the department's employee relations activities, strategic planning, policy research and practices, legislative initiatives, as well as the department's collaborations with other state, local, and federal agencies. The office represents Missouri before several regional and national organizations and agencies, including the U.S. Environmental Protection Agency and two regional river basin associations. Also a part of Department Operations, the Division of Administrative Support develops the department's budget; performs accounting, internal auditing, and procurement functions; administers the department's personnel policies; and supports the department's statewide communications.

Fiscal Year 2007 Governor's Recommendations

- \$171,794 for pay plan, including \$34,079 general revenue.
- \$2,180,902 and 42.41 staff reallocated from various divisions for departmental reorganization, including \$677,718 general revenue.
- (\$85,679) federal and other funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$75,444) and (one) staff transferred to the Office of Administration for administrative hearings.
- (\$1,577) federal and other funds transferred to the statewide leasing budget.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- (\$8,425,862) and (85.56) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$541,531) general revenue.
- (\$183,039) and (one) staff reallocated to various divisions, including (\$22,808) general revenue.

OUTREACH AND ASSISTANCE CENTER

The Outreach and Assistance Center performed a variety of functions relating to environmental quality, efficient and renewable energy production and use, historic preservation, and public outreach. These functions and associated appropriations were reallocated to various departmental divisions and programs, including the Energy Center, the State Historic Preservation Office, and the Division of Field Services.

Fiscal Year 2007 Governor's Recommendations

- (\$5,980,250) and (95.78) staff reallocated to various divisions for departmental reorganization, including (\$1,502,708) general revenue.
- (\$19,620) transferred to the Office of Administration for statewide consolidated information technology services, including (\$12,565) general revenue.
- (\$1,909) transferred to the statewide leasing budget, including (\$637) general revenue.

ENERGY CENTER

The Energy Center, the state's designated office for helping Missourians produce and use energy wisely, efficiently, and renewably, fosters and protects the state's environment, resources, and economic prosperity.

Fiscal Year 2007 Governor's Recommendations

- \$41,468 federal and other funds for pay plan.
- \$1,257,449 federal and other funds and 24 staff reallocated from various divisions for departmental reorganization.

**DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL PROGRAMS**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Environmental Quality	\$ 22,294,614	\$ 26,049,298	\$ 26,064,818
Field Services	13,062,009	14,496,252	18,322,464
Inspection/Maintenance	850,953	1,219,974	1,323,859
Water Resources	1,330,279	1,407,755	3,668,730
Soil and Water	35,472,674	38,787,928	39,078,606
Environmental Financial Support	154,286,801	145,959,765	146,583,340
TOTAL	\$ 227,297,330	\$ 227,920,972	\$ 235,041,817
General Revenue Fund	4,139,227	3,144,995	8,122,074
Federal Funds	20,569,514	31,678,439	32,850,155
Other Funds	202,588,589	193,097,538	194,069,588
Full-time equivalent employees	858.80	846.23	879.01

DIVISION OF ENVIRONMENTAL QUALITY

Water Protection Program – The division's Water Protection Program includes three branches--the Water Pollution Branch, the Drinking Water Branch, and the Financial Assistance Center. The Water Pollution Branch protects the quality of Missouri's groundwater, streams, and lakes, safeguarding these vital resources. This enhances agricultural production, forestry, fisheries, water-intensive manufacturing, water recreation, tourism, hunting, fishing, and human and animal consumption. The Public Drinking Water Branch ensures that all public drinking water systems provide clean and healthy drinking water for Missouri's citizens by ensuring that public water system construction and operation comply with the requirements of the federal Safe Drinking Water Act. The Financial Assistance Center administers the federal Clean Water and Drinking Water State Revolving Fund programs that provide low-interest loans and grants to Missouri communities for the construction of new, and the improvement of existing drinking water supply, wastewater treatment, and stormwater management systems.

Air Pollution Control Program – The Air Pollution Control Program (APCP) staff support the Air Conservation Commission, which develops policies to maintain and enhance the state's air quality for the protection of the public's health. Operating under the Clean Air Act's State Implementation Plans and Rules, the APCP reviews facility construction and operation permits to help ensure ambient air quality. Working with the department's regional office staff, the APCP identifies and works with facilities that are violating clean air quality requirements through a process called "conference, conciliation, and persuasion" to achieve compliance prior to pursuing any enforcement action. Collecting air quality and emission inventory data, the APCP provides benchmark data for Missouri air quality monitoring and planning. The APCP helps ensure that problematic St. Louis and Kansas City area ozone levels will improve and eventually meet federal, public health air standards. Staff also coordinate air pollution control activities with other programs in the division and local air pollution control agencies.

Hazardous Waste Program – State and federal law require oversight of hazardous waste practices from the point of generation through final disposal to ensure the safe and legal handling of such materials. Together with required registration of hazardous waste generators, the program's manifest and quarterly reporting systems enable the program to identify the amount and types of waste generated, stored, containerized, transported off-site, and treated or otherwise disposed. The Hazardous Waste Program (HWP) also addresses abandoned or uncontrolled hazardous waste sites through preliminary assessments, site investigations, feasibility studies, remedial investigations, interim remedial measures, immediate removals, and long-term or final remedial actions. The HWP registers and regulates petroleum underground storage tanks; provides general and technical information concerning the installation, use, and closure of such systems; encourages compliance with underground storage tank law, regulations, and performance standards; and oversees corrective actions taken in response to leaks and other dangerously improper releases.

Solid Waste Management Program – The Solid Waste Management Program protects public health and the environment by requiring proper management of solid waste. The program encourages waste reduction, reuse, recycling, energy recovery, improved processing, and proper disposal. Implementing alternatives to the long-term storage of our waste will help to safeguard against landfill capacity shortages and will foster better use of our natural resources, including the otherwise productive land taken up to store our trash. Effectively regulating solid waste transportation, treatment, and storage through the implementation of solid waste management plans will help to minimize harmful land, water, and air pollution.

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF ENVIRONMENTAL QUALITY (Continued)

Land Reclamation Program – The Land Reclamation Program staff provide technical support for the Land Reclamation Commission. The commission regulates the mining of coal and other mineral commodities (such as barite, tar sands, clay, limestone, sand, and gravel) and provides for the reclamation of mined lands. Staff review mining and reclamation plans, issue permits that require security bonds to guarantee the reclamation of mined lands, and inspect sites to ensure reclamation performance. Program staff inventory and assess abandoned mined lands for health and pollution hazards to prioritize the reclamation of these abandoned areas.

Fiscal Year 2007 Governor's Recommendations

- \$286,638 for contract services to determine applicable water quality standards for selected bodies of water throughout the state.
- \$698,343 for pay plan, including \$14,024 general revenue.
- (\$267,691) and (5.33) staff reallocated to various divisions for departmental reorganization, including (\$20,567) general revenue.
- (\$551,466) federal and other funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$150,304) transferred to the statewide leasing budget, including (\$197) general revenue.

FIELD SERVICES DIVISION

Regional Offices – The division's five regional offices provide field inspections; complaint investigation; front-line troubleshooting; problem solving; and technical assistance on environmental issues and emergencies in the areas of air pollution, drinking water, hazardous waste, solid waste environmental assistance, and water protection. Supplemented by a number of satellite and project office sites, the regional offices are located in Kansas City, Macon, Poplar Bluff, Springfield, and St. Louis.

Environmental Assistance Office – The purpose of this non-regulatory program is to inform people about environmental issues and foster compliance with environmental requirements. The office helps businesses, farmers, local governments, and individuals control or prevent pollution.

Environmental Services Program – The Environmental Services Program supports the other departmental programs that need accurate scientific data for their work. To obtain this data, the Environmental Services Program performs field work, conducts monitoring, collects samples, and provides laboratory testing for environmental pollutants.

Environmental Emergency Response and Field Services Section – This program monitors water quality and responds to environmental emergencies. For surface water quality monitoring, water samples are collected from Missouri's streams, rivers, and lakes to determine overall quality. Staff monitor ground water quality near landfills and discharges from sewage treatment facilities. Staff in this unit also investigate sites where hazardous wastes have been disposed. The program also responds to environmental emergencies involving hazardous chemicals.

Fiscal Year 2007 Governor's Recommendations

- \$1,114,304 to enhance voluntary regulatory compliance through customer assistance visits.
- \$507,941 for pay plan, including \$87,339 general revenue.
- \$2,373,617 and 37.54 staff reallocated from various divisions for departmental reorganization, including \$690,924 general revenue.
- (\$119,460) federal and other funds transferred to the statewide leasing budget.
- (\$50,190) transferred to the Office of Administration for statewide consolidated information technology services, including (\$34,910) general revenue.

INSPECTION/MAINTENANCE

The Gateway Clean Air Program is part of Missouri's continuing efforts to improve the air quality in the St. Louis area. A major component of the program is the enhanced vehicle emissions test. The emissions test uses state-of-the-art technology and is designed to identify the total amount of emissions generated by today's computer-controlled vehicles under normal driving conditions. The outcome will be cleaner air to breathe.

Fiscal Year 2007 Governor's Recommendations

- \$23,469 Missouri Air Emission Reduction Fund for pay plan.
- \$86,067 Missouri Air Emission Reduction Fund reallocated from various divisions for departmental reorganization.
- (\$5,651) Missouri Air Emission Reduction Fund transferred to the statewide leasing budget.

DEPARTMENT OF NATURAL RESOURCES

WATER RESOURCES CENTER

Program hydrologists and geologists investigate and monitor surface water and groundwater resource characteristics, availability, and use to meet Missouri's comprehensive water needs. Staff operate a statewide groundwater aquifer-monitoring network with real-time water quantity data. Staff also collect and analyze surface-water flow data to safeguard against flood and drought. With the completion of Phase I and II of the State Water Plan, the program begins the statewide assessment of individual watersheds serving Missouri's communities and the state as a whole. The program also regulates numerous dams, safeguarding the lives and property of Missourians living below them. Under the Dam and Reservoir Safety Council, engineers review permit applications for new and existing dams and conduct field visits to ensure that dams are properly constructed and maintained. The program also defends the state's vital water resource interests, including those related to river transport, before numerous interstate and interagency river basin associations.

Fiscal Year 2007 Governor's Recommendations

- \$1,605,277 to enhance water resource assessment and monitoring statewide.
- \$45,359 for pay plan, including \$30,989 general revenue.
- \$550,000 transferred from the Office of Administration for the payment of interest, operations, and maintenance for Clarence Cannon Dam.
- \$70,572 and .57 staff reallocated from various divisions for departmental reorganization, including \$9,472 general revenue.
- (\$9,775) transferred to the Office of Administration for statewide consolidated information technology services, including (\$4,458) general revenue.
- (\$458) transferred to the statewide leasing budget, including (\$331) general revenue.

SOIL AND WATER CONSERVATION PROGRAM

The Soil and Water Conservation Program implements the policies of the Soil and Water Districts Commission to ensure the long-term productivity of Missouri's most basic resource, the soil. Departmental staff aid Missouri's local soil and water conservation districts and administer several soil conservation programs funded by one-half of the one-tenth of one percent dedicated sales tax renewed by Missouri voters in November 1996. Soil and Water Sales Tax funded programs include: cost-sharing grants for up to 75 percent of farmers' costs to implement approved soil conservation practices; loan interest payment assistance for landowners on loans expended for approved conservation practices and equipment; grants to local districts for administrative expenses and technical assistance; special incentives for intensive conservation measures in critical areas; soil survey mapping efforts; and grants for research on soil conservation problems.

Fiscal Year 2007 Governor's Recommendations

- \$258,243 Soil and Water Sales Tax Fund for local soil and water conservation district staff fringe benefit cost increases.
- \$77,630 Soil and Water Sales Tax Fund for pay plan.
- (\$44,488) Soil and Water Sales Tax Fund transferred to the Office of Administration for statewide consolidated information technology services.
- (\$707) Soil and Water Sales Tax Fund transferred to the statewide leasing budget.

ENVIRONMENTAL FINANCIAL SUPPORT

The department administers a variety of funds for local governments and others to combat air pollution, clean up abandoned and uncontrolled hazardous waste sites, reclaim abandoned mine lands, monitor and test drinking water supplies, and construct or improve water and wastewater facilities.

Fiscal Year 2007 Governor's Recommendations

- \$648,575 to pay the first third of the state's obligation for the Superfund cleanup of Jasper County lead contamination sites.
- (\$25,000) federal funds transferred to the Office of Administration for statewide consolidated information technology services.

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF GEOLOGY AND LAND SURVEY

Headquartered in Rolla, Missouri, the Division of Geology and Land Survey investigates the state's geology; provides its knowledge and expertise for economic and environmental decision making; and determines the character and availability of the state's water, energy, and mineral resources. The division also restores and maintains the state's original land survey monuments and houses the state's land survey records repository.

Geological Survey Program – The Geological Survey Program provides a wide variety of geological services for citizens, industry, academia, and government, including geologic mapping, mineral resource assessments, and geologic and earthquake hazard evaluations. The program works closely with other regulatory bodies to evaluate geologic conditions where such information is essential for proper environmental and economic planning.

Land Survey Program – Since the inception of the Land Survey Program in 1969, Missouri has experienced a reversal in the trend of lost and destroyed land corners of the United States Public Land Survey System (USPLSS). The program works with private surveyors, county surveyors, staff, and county commissions to maintain the state's USPLSS that serves as the framework for the determination of all property boundaries in the state. The program manages and maintains a statewide repository of land records. Land survey documents and geodetic data are available for the entire state. The public can order the information through the repository on hard copy or in digital format. The information is also available for viewing from the original land survey field books and plats made by the general land office when the state was first surveyed. All these land survey records are stored in a vault in Rolla. The program maintains a statewide geographic reference system.

Fiscal Year 2007 Governor's Recommendations

- \$100,920 for pay plan, including \$27,181 general revenue.
- (\$649,209) and (14.87) staff reallocated to various divisions for departmental reorganization, including (\$64,630) general revenue.
- (\$24,730) transferred to the Office of Administration for statewide consolidated information technology services, including (\$6,883) general revenue.

DIVISION OF STATE PARKS

The Division of State Parks manages the many recreational, cultural, and historical resources of the Missouri state parks system. The division also administers programs to promote outdoor recreation statewide.

Missouri's state parks system consists of 83 state parks and historic sites. The system is divided into three field district offices, with each of the district headquarters reporting to the Central Office in Jefferson City. Administrative, maintenance, and service personnel manage the lands and improvements, provide recreational and educational programs for visitors, and provide necessary law enforcement. Funding provided by the one-tenth of one percent Parks and Soils Sales Tax has been used for projects such as campground remodeling; the addition of shower houses and restrooms; paving of roads within campgrounds; restoration of landscapes; and additional personnel for maintenance, education, and site interpretation. The Parks and Soils Sales Tax provides continued restoration and improvement of the state parks system and allows division staff to better serve the millions of people who visit parks and historic sites each year.

Central Office administration directs and coordinates the management of the state parks system. Responsibilities include personnel management, budget and policy development, and the evaluation of management procedures and performance. Central Office staff provide logistical support to the individual state parks; supervise the grounds maintenance of the State Capitol Complex; and operate the central sign shop, central warehouse, and aerial device unit. Staff also identify unique natural areas which may require protection; conduct special studies related to parks operations and development; and prepare site, architectural, and engineering plans and maps.

The division assists the State Inter-Agency Council for Outdoor Recreation in the administration of grants that finance outdoor recreation projects. The division also provided assistance to the Lewis and Clark Bicentennial Commission in the administration of grants to local communities participating in the commemoration of the "Corps of Discovery."

Fiscal Year 2007 Governor's Recommendations

- \$833,381 federal and other funds for pay plan.
- \$56,035 State Park Sales Tax Fund to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- (\$362,108) other funds and (14.47) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$357,293) State Facility Maintenance and Operation Fund and (9.41) staff transferred to the Office of Administration for facilities management.
- (\$200,674) other funds and (4.79) staff reallocated to various other divisions for departmental reorganization.
- (\$48,094) State Park Sales Tax Fund transferred to the statewide leasing budget.

DEPARTMENT OF NATURAL RESOURCES

STATE HISTORIC PRESERVATION OFFICE

The State Historic Preservation Office helps identify and preserve historic properties and cultural resources throughout the state, administers grants and loans to support preservation efforts, and provides technical assistance to taxpayers in qualifying for historic preservation tax credits.

Fiscal Year 2007 Governor's Recommendations

- \$265,033 other funds and 7.1 staff to replace general revenue funding for state historic preservation efforts.
- \$24,299 federal and other funds for pay plan.
- \$1,624,591 and 17.25 staff reallocated from the Outreach and Assistance Center for departmental reorganization, including \$265,033 general revenue.
- \$450,000 transferred to the Historic Preservation Revolving Fund, pursuant to Section 143.183, RSMo.
- (\$263,361) and (7.1) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$1,672) transferred to the Office of Administration for administrative hearings.

AGENCY-WIDE IMPLEMENTATION

A number of issues are multi-faceted and require resources and expertise from several divisions within the Department of Natural Resources. To deal effectively with these issues, the department consolidated these operations agency wide.

Fiscal Year 2007 Governor's Recommendations

- \$44,128 federal and other funds for pay plan.
- (\$312,335) reallocated to various divisions for overtime, including (\$32,434) general revenue.
- (\$3,202) other funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$1,111) State Facility Maintenance and Operation Fund transferred to the Office of Administration for facilities management.

ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

The Environmental Improvement and Energy Resources Authority, under Chapter 260, RSMo, is an independent, self-supporting, quasi-governmental agency assigned to the Missouri Department of Natural Resources.

Due to the special independent status as "a body corporate and politic," the authority is able to issue tax-exempt bonds and utilize fees charged for issuance of its bonds and notes. The authority is empowered to conduct environmental and energy research and development activities; develop alternative methods of financing environmental and energy projects; and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the authority purpose.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF CONSERVATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Personal Service	\$ 72,807,091	\$ 78,578,462	\$ 79,203,462	\$ 82,030,734
Expense and Equipment	43,049,800	52,859,674	54,009,674	54,009,674
Program Specific Distribution	6,087,637	5,758,465	5,758,465	5,758,465
TOTAL				
Conservation Commission Fund	\$ 121,944,528	\$ 137,196,601	\$ 138,971,601	\$ 141,798,873
Full-time equivalent employees	1,822.15	1,871.61	1,871.61	1,871.61

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$142 million for the Department of Conservation to support its mission to protect and manage the fish and wildlife resources of Missouri. In 1976, Missouri voters endorsed a measure authorizing a one-eighth of one-cent sales tax to provide for conservation services. This dedicated funding source has allowed the department to be self-sustaining and has helped foster abundant fish, wildlife, forestry, and water resources for generations of Missourians. Governor Blunt continues to encourage the department to serve the public responsibly, to facilitate the public's participation in resource management activities, and to provide an opportunity for all citizens to use, enjoy, and learn about Missouri's natural treasures.

Fiscal Year 2007 Governor's Recommendations

- \$750,000 Conservation Commission Fund for increased utilities and motor fuel costs.
- \$625,000 Conservation Commission Fund for increased health insurance costs.
- \$400,000 Conservation Commission Fund for increased sport fish restoration costs.
- \$2,827,272 Conservation Commission Fund for pay plan.

DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Business and Community Services	\$ 63,154,316	\$ 78,726,910	\$ 99,041,787	\$ 95,980,887
Information Technology	0	6,760,886	0	0
Workforce Development	114,969,576	123,614,491	122,220,562	123,005,449
Division of Tourism	16,792,947	13,246,882	17,782,811	17,782,811
Affordable Housing	6,314,641	4,911,134	4,912,452	4,924,829
Financial Institution Safety and Soundness	5,578,559	7,151,723	7,101,338	7,350,126
Utility Regulation	15,171,928	17,764,979	17,663,014	18,061,350
Professional Registration	11,696,332	13,769,712	13,293,456	13,622,286
Administrative Services	7,101,190	5,730,153	5,336,808	5,491,968
DEPARTMENTAL TOTAL	\$ 240,779,489	\$ 271,676,870 *	\$ 287,352,228	\$ 286,219,706
General Revenue Fund	39,291,273	35,509,307	47,892,041	43,420,460
Federal Funds	153,300,568	163,032,156	157,786,118	158,714,384
Other Funds	48,187,648	73,135,407	81,674,069	84,084,862
Full-time equivalent employees	1,294.76	1,432.54	1,364.37	1,320.37

* Does not include \$4,813,158 recommended in the Fiscal Year 2006 Supplemental Appropriations, including \$2,255,415 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Economic Development supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$286.2 million for the Department of Economic Development. The Department provides services to Missourians and businesses to facilitate economic success. Core functions provided by the Department of Economic Development include:

- Facilitating location options, expansion, retention, or start-up of businesses to help create and retain high-quality employment opportunities for Missourians.
- Administering tax credit programs designed to assist with business recruitment and workforce training.
- Oversight and regulation of financial institutions, public utility companies, and 39 professional licensing entities to ensure Missourians receive reliable and safe services.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
BUSINESS AND COMMUNITY SERVICES**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Marketing*	\$ 0	\$ 0	\$ 4,233,735
Sales*	0	0	1,988,344
Finance*	0	0	1,128,997
Compliance*	0	0	733,107
Community Development and Block Grant Program	0	0	28,000,000
Missouri Technology Investment	6,962,965	11,077,812	7,760,117
Jobs Retention Training Program	0	5,000,000	15,000,000
Missouri Community College New Jobs Training	6,847,304	16,000,000	16,000,000
Missouri Job Development Fund - Transfer	8,226,421	7,583,939	7,583,939
Community Redevelopment and Assistance	40,199,750	36,859,411	7,541,592
Arts and Cultural Development	917,876	2,205,748	6,011,056
TOTAL	\$ 63,154,316	\$ 78,726,910	\$ 95,980,887
General Revenue Fund	18,190,880	17,847,781	22,030,543
Federal Funds	37,266,612	35,678,960	35,260,419
Other Funds	7,696,824	25,200,169	38,689,925
Full-time equivalent employees	92.79	103.95	107.95

* Marketing, Sales, Finance, and Compliance were formed from the consolidation of the Division of Business Development and Trade and the Division of Community Development. There are no prior year expenditures or Fiscal Year 2006 appropriations for these programs.

BUSINESS AND COMMUNITY SERVICES

The Business and Community Services Division, formerly the Division of Business Development and Trade and the Division of Community Development, consists of the Marketing, Sales, Finance, and Compliance teams. The new division was created to provide a more direct access to economic development assistance. The division promotes Missouri as a great place to do business and helps create an environment that will stimulate family supporting jobs and new private investment. Other services include various programs aimed at investing in Missouri's communities to allow for future sustainable growth and increase opportunities for new local and state revenues.

MARKETING

The Marketing Team produces print and media materials to market the state. The team markets Missouri at the national and international level to increase lead opportunities and generally support the Sales and Finance teams.

Fiscal Year 2007 Governor's Recommendations

- \$2,500,000 Economic Development Advancement Fund for marketing programs.
- \$677,000 Economic Development Advancement Fund to replace core reductions in other funding.
- \$19,569 for pay plan, including \$12,809 general revenue.
- \$1,714,166 and 13.94 staff reallocated from various divisions to create the Division of Business and Community Services, including \$1,420,686 general revenue.
- (\$677,000) core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

SALES

The Sales Team provides individualized customer service, through regional and industry specialization, to businesses considering locating or expanding within the state. Sales Team staff work to develop export promotion opportunities for Missouri businesses to take their products and services to key world markets.

Fiscal Year 2007 Governor's Recommendations

- \$281,755 Economic Development Advancement Fund and five staff to promote regional and national opportunities to create jobs, stimulate investment, increase local revenues, and partner with local communities.
- \$199,000 Economic Development Advancement Fund to replace core reductions in other funding.
- \$22,800 to support the operation of the Small Business Regulatory Board and the Missouri Military Preparedness and Enhancement Commission.
- \$50,673 for pay plan, including \$34,717 general revenue.
- \$1,633,116 and 32.44 staff reallocated from various divisions to create the Division of Business and Community Services, including \$1,119,314 general revenue.
- (\$199,000) core reduction from the Fiscal Year 2006 appropriation level.

FINANCE

The Finance Team administers the tax incentive programs offered by the department.

Fiscal Year 2007 Governor's Recommendations

- \$112,702 Economic Development Advancement Fund and two staff to promote regional and national opportunities to create jobs, stimulate investment, increase local revenues, and partner with local communities.
- \$81,000 Economic Development Advancement Fund to replace core reductions in other funding.
- \$29,918 for pay plan, including \$21,688 general revenue.
- \$986,377 and 21.19 staff reallocated from various divisions to create the Division of Business and Community Services, including \$653,456 general revenue.
- (\$81,000) core reduction from the Fiscal Year 2006 appropriation level.

COMPLIANCE

The Compliance Team assures accountability for each program by assessing the operations. The team conducts file reviews, on-site monitoring, eligibility determinations, and assures necessary claw-backs are pursued. The Compliance Team works proactively with the Finance Team to assure compliance standards are met for all programs.

Fiscal Year 2007 Governor's Recommendations

- \$43,000 Economic Development Advancement Fund to replace core reductions in other funding.
- \$18,002 for pay plan, including \$6,358 general revenue.
- \$715,105 and 12.38 staff reallocated from various divisions to create the Division of Business and Community Services, including \$228,993 general revenue.
- (\$43,000) core reduction from the Fiscal Year 2006 appropriation level.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant program provides grants to non-entitlement cities and counties for community development activities that: (1) benefit at least 51% low and moderate income persons, (2) eliminate slum and blight, or (3) meet urgent threats to health and safety. Typical projects include infrastructure expansion, downtown revitalization, housing rehabilitation, housing financing, Americans with Disabilities Act accessibility improvements, and community facility projects.

Fiscal Year 2007 Governor's Recommendations

- \$28,000,000 federal funds reallocated from the Community Development Division to the Division of Business and Community Services.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

MISSOURI TECHNOLOGY INVESTMENT

The Missouri Technology Investment Fund supports business modernization programs, technology application programs, technology commercialization programs, and technology development programs. The following programs are supported by the Missouri Technology Investment Fund.

Missouri Manufacturing Extension Partnership – The partnership provides business and technical assistance to the state's small and medium size manufacturers. The assistance enables the manufacturers to become and remain competitive by retaining existing jobs and creating new jobs. The Missouri Manufacturing Extension Partnership is a public-private partnership including the U.S. Department of Commerce's National Institute of Standards and Technology and the University of Missouri System.

Innovation Centers – Innovation centers offer a wide range of management and technical assistance to technology-based businesses. Clients become a part of a network of state, federal, university, and private resources designed to develop and support high-growth businesses. Currently, centers are located in St. Louis, Rolla, Columbia, Cape Girardeau, and Joplin.

Missouri Technology Corporation – The corporation promotes the modernization of business through the transfer of science, technology, and quality improvement methods to the workplace; and enhances the productivity and competitiveness of Missouri's businesses by providing leadership and establishing methods of technology application, commercialization, and development.

Fiscal Year 2007 Governor's Recommendations

- \$200,000 to promote access to new technologies for Missouri businesses and citizens through the Missouri Technology Corporation and the Research Alliance of Missouri.
- \$150,000 to support start-up operations for new innovation centers.
- (\$3,163,508) and (41.70) staff reallocated to various divisions to realign the core budget, including (\$2,586,720) general revenue.
- (\$254,187) federal and other funds and (five) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$250,000) core reduction for one-time expenditures.

JOBS RETENTION TRAINING PROGRAM

Created by Sections 178.760-178.764, RSMo, the Jobs Retention Training Program provides an incentive for the retention of existing jobs by providing education and training to workers for expanding industries by community college districts.

Fiscal Year 2007 Governor's Recommendations

- \$10,000,000 Missouri Community College Jobs Retention Training Program Fund to expand the Jobs Retention Training Program.

MISSOURI COMMUNITY COLLEGE NEW JOBS TRAINING

Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

MISSOURI JOB DEVELOPMENT FUND

The Missouri Job Development Fund helps new and expanding businesses train Missouri's workforce.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

COMMUNITY REDEVELOPMENT AND ASSISTANCE

Community Redevelopment and Assistance consists of the Missouri Community Service Commission, Missouri Small Business Regulatory Fairness Board, Missouri Military Preparedness and Enhancement Commission, Missouri Development Finance Board, and Missouri Main Street Program. These programs promote volunteerism and community services, monitor the impact of state regulations on small business, design and implement measures to retain and protect military posts or bases in Missouri, and administer a range of financing programs through revenue bonds, notes, and tax credits.

Fiscal Year 2007 Governor's Recommendations

- \$1,187,743 for current tax increment financing projects.
- \$8,308 for pay plan, including \$1,487 general revenue.
- \$13,442 reallocated from various divisions to realign the core budget, including (\$1,824) general revenue.
- (\$29,805,057) and (35.25) staff reallocated to the Division of Business and Community Services, including (\$831,935) general revenue.
- (\$720,445) federal and other funds core reduction from the Fiscal Year 2006 appropriation level.
- (\$1,810) transferred to the Office of Administration for utilities and janitorial services.

ARTS AND CULTURAL DEVELOPMENT

Missouri Arts Council - The Missouri Arts Council provides financial assistance to non-profit organizations through grants that encourage growth, development, and appreciation of the arts in Missouri. Program assistance is provided in specific arts discipline areas including dance, electronic media arts, festivals, literature, music, theatre, visual arts, arts services, community arts, folk arts, minority arts, touring, mini-grants, and arts education. Program assistance awards provide seed money on a matching basis to not-for-profit applicants throughout Missouri.

Missouri Humanities Council - The Missouri Humanities Council is the state affiliate of the National Endowment for the Humanities. The Missouri Humanities Council's mission is to help citizens of Missouri learn about the history, literature, and the ideas that shape democracy. Programs help communities understand and celebrate a shared history and assist local institutions in developing the capacity to engage the public in lifelong learning activities. The Missouri Humanities Council also provides on-site consulting and workshops to help local museums and cultural institutions organize ideas.

Public Television and Public Radio - Funds are distributed to Missouri public television and radio stations for operating assistance pursuant to Section 143.183, RSMo.

Fiscal Year 2007 Governor's Recommendations

- \$2,700,000 for the Missouri Arts Council Trust Fund pursuant to Section 143.183, RSMo.
- \$450,000 for the Missouri Humanities Council Trust Fund pursuant to Section 143.183, RSMo.
- \$450,000 for the Missouri Public Television Broadcasting Fund pursuant to Section 143.183, RSMo.
- \$10,630 federal funds for pay plan.
- \$195,000 transferred from the Office of Administration for public television grants.
- (\$322) federal funds reallocated to various divisions to realign the core budget.
- (One) staff core reduction from the Fiscal Year 2006 appropriation level.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$1,414,792 reallocated from various divisions to realign the core budget, including \$47,916 general revenue.
- (\$8,175,678) and (63.17) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$813,508) general revenue.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
WORKFORCE DEVELOPMENT**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Workforce Development Administration	\$ 20,973,794	\$ 23,722,028	\$ 23,474,213
Workforce Programs	93,728,635	99,609,961	99,246,734
Women's Council	51,802	66,502	68,502
Special Employment Security Fund	215,345	216,000	216,000
TOTAL	\$ 114,969,576	\$ 123,614,491	\$ 123,005,449
General Revenue Fund	1,931,039	2,180,563	2,180,563
Federal Funds	112,256,358	120,649,978	120,033,783
Child Support Enforcement Collections Fund	566,834	567,950	575,103
Special Employment Security Fund	215,345	216,000	216,000
Full-time equivalent employees	483.01	559.72	537.72

WORKFORCE DEVELOPMENT

The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high-quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service (Wagner-Peyser) Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Services also include assisting employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs. The Job Service Program is federally funded and administered by the Division of Workforce Development. These funds are targeted toward all Missourians who are changing careers, looking for their first job, unemployed, economically disadvantaged, school dropouts, and dislocated workers.

WORKFORCE DEVELOPMENT ADMINISTRATION

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families recipients, school dropouts, and dislocated workers.

Fiscal Year 2007 Governor's Recommendations

- \$782,887 federal and other funds for pay plan.
- (\$519,591) federal funds reallocated to realign the core budget.
- (\$511,111) federal funds transferred to the statewide leasing budget.
- (22) staff core reduction from the Fiscal Year 2006 appropriation level.

WORKFORCE PROGRAMS

The mission of the federal Workforce Investment Act Program is to serve Missourians by providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, the Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Worker programs, the Temporary Assistance for Needy Families Program, the Missouri Employment and Training Program, and the Parent's Fair Share Program. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local workforce investment areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local workforce investment area programs comply with Workforce Investment Act financial and program requirements.

Fiscal Year 2007 Governor's Recommendations

- (\$363,227) federal funds reallocated to realign the core budget.

DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT (Continued)

WOMEN'S COUNCIL

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs. The council works to increase occupational mobility in lower- and middle-employment levels, provides access to jobs with higher skill and managerial duties, promotes small business opportunities, and provides access to non-traditional skills through apprenticeships and vocational training. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

Fiscal Year 2007 Governor's Recommendations

- \$2,000 federal funds for pay plan.

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

TOURISM

The Division of Tourism promotes Missouri's tourist destinations and attractions with multi-media campaigns and direct marketing, a web site, vacation guides, public relations efforts, and a cooperative marketing program. The Division of Tourism also operates six tourism welcome centers located at key entry points near the state's borders. Since Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services.

Fiscal Year 2007 Governor's Recommendations

- \$4,535,929 transferred to the Division of Tourism Supplemental Revenue Fund pursuant to Section 620.467, RSMo.
- (Two) staff core reduction from the Fiscal Year 2006 appropriation level.

AFFORDABLE HOUSING

Missouri Housing Development Commission – The Missouri Housing Development Commission (MHDC) was established in 1969 to assist with the creation of housing for low- and moderate-income people of Missouri.

The MHDC generates affordable rental housing through a variety of funding sources, including its own fund balances, the state's allocation of federal funds, its authority to issue tax-exempt and taxable bonds, and state and federal housing tax credits. The MHDC offers programs for qualified first-time homebuyers, as well as funds for home repairs to aid in the prevention of homelessness.

Manufactured Housing Program – Staff of the Manufactured Housing Program are responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units, prescribing and enforcing uniform construction and safety standards by conducting code inspections, addressing consumer complaints, and enforcing set-up and tie-down requirements.

Fiscal Year 2007 Governor's Recommendations

- \$12,377 Manufactured Housing Fund for pay plan.
- \$3,000 Manufactured Housing Fund reallocated to various divisions to realign the core budget.
- (\$1,682) Manufactured Housing Fund transferred to the statewide leasing budget.
- (.5) staff core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL INSTITUTION SAFETY AND SOUNDNESS

Division of Credit Unions – The Division of Credit Unions is statutorily responsible for the examination, supervision, and regulation of all state-chartered credit unions to determine the financial condition and management practices of each credit union and to correct unsound practices or violations of law or regulation.

Division of Finance – The Division of Finance has regulatory oversight authority of activities involving state-chartered banks, trust companies, savings and loan associations, and residential mortgage brokers. The division is responsible for licensing and examining various consumer credit outlets including payday lenders, title loan companies, premium finance companies, and sales finance operations for compliance with the laws concerning truth-in-lending, disclosures, rates, fees, insurance, and refunding. The division also licenses money order companies and receives/resolves complaints about consumer credit transactions.

Fiscal Year 2007 Governor's Recommendations

- \$248,788 other funds for pay plan.
- (\$31,087) other funds reallocated to various divisions to realign the core budget.
- (\$19,298) Division of Finance Fund transferred to statewide leasing budget.
- (Two) staff core reduction from the Fiscal Year 2006 appropriation level.

UTILITY REGULATION

Office of Public Counsel – The Office of the Public Counsel is the state's consumer advocate involved in matters of utility ratemaking and regulation. Attorneys and technical staff analyze utility rate cases and provide testimony and cross-examination in hearings held before the Public Service Commission (PSC). The Public Counsel also has the right to appeal PSC cases through the court system.

Public Service Commission – The PSC regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water, and sewer utilities, and the safety of rural electric cooperatives and municipal gas systems. The commission is divided into six sections: executive, adjudication, administration, general counsel, utility operations, and utility services. Additionally, the Missouri PSC oversees the administration of the Relay Missouri service in the state. Relay Missouri provides deaf, hard-of-hearing, and speech-impaired citizens access to the telephone network and is funded through a monthly, per-line surcharge.

The Executive Section includes the five commissioners, who are appointed by the Governor with advice and consent of the Senate. The commission's statutory responsibilities include hearing cases and issuing reports and orders. The section also includes an executive director -- the PSC's chief operations officer responsible for the overall administrative functions and the policy direction of the staff, the public information and education department, and the legislative coordinator.

The Adjudication Section is the PSC's quasi-judicial section. A staff of eight regulatory law judges handles the cases from filing to resolution. The judges preside over hearings, rule on objections and motions, and draft all orders, as directed by the commission, for a particular case. The Adjudication Section also contains the commission's data center. This section accepts all pleadings, tariffs, and other case-related documents; issues the certified orders of the commission; and maintains the permanent case files of the commission.

The Administration Section is responsible for managing the commission's fiscal, personnel, and information resources. The consumer services unit receives, investigates, and responds to consumer complaints to ensure compliance with commission rules and regulations and utility company tariffs.

The Office of General Counsel represents the commission and staff in all matters relating to Missouri utility regulation. Its duties consist of assisting and advising agency staff in the preparation and filing of evidence in legal proceedings and preparing and presenting legal arguments in appearances before the commission, state and federal courts, and administrative tribunals.

The Utility Operations Section supports the commission in meeting its statutory responsibilities by providing technical expertise in energy safety, utility rates, tariffs, rules and regulations, economic analysis, engineering oversight and investigations, and construction inspections.

The Utility Services Section supports the commission by providing expertise in the areas of utility accounting, auditing, engineering, finance, management, and natural gas procurement. The section is also responsible for investigating and responding to consumer complaints and making recommendations to the commission regarding their resolution.

Fiscal Year 2007 Governor's Recommendations

- \$398,336 for pay plan, including \$21,602 general revenue.
- (\$4,509) reallocated to various divisions to realign the core budget.
- (\$97,456) transferred to the statewide leasing budget, including (\$6,743) general revenue.
- (Six) staff core reduction from the Fiscal Year 2006 appropriation level.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
PROFESSIONAL REGISTRATION**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 4,372,670	\$ 4,360,616	\$ 3,964,609
State Board of Accountancy	387,884	427,546	443,588
State Board of Architects, Professional Engineers, and Land Surveyors	493,788	715,392	748,868
State Board of Barber Examiners	34,403	38,871	0
State Board of Chiropractic Examiners	101,883	150,052	149,567
State Board of Cosmetology	259,371	254,418	0
Missouri Dental Board	455,576	599,230	613,645
State Board of Embalmers and Funeral Directors	70,079	142,434	145,393
State Board of Registration for the Healing Arts	2,068,461	2,405,855	2,461,803
State Board of Nursing	1,424,518	1,840,220	1,903,757
State Board of Optometry	33,751	42,054	42,043
State Board of Pharmacy	1,062,533	1,506,961	1,539,453
State Board of Podiatric Medicine	7,747	20,681	20,669
Missouri Real Estate Commission	843,077	1,155,786	1,187,039
Missouri Veterinary Medical Board	80,591	109,596	109,579
State Board of Cosmetology and Barbers	0	0	292,273
TOTAL	\$ 11,696,332	\$ 13,769,712	\$ 13,622,286
Board Funds	7,323,662	9,409,096	9,657,677
Professional Registration Fees Fund	4,372,670	4,360,616	3,964,609
Full-time equivalent employees	220.36	219.60	211.50

PROFESSIONAL REGISTRATION

The Division of Professional Registration provides administrative support services to the 39 licensing entities that have been statutorily assigned to the division. The mission of the division is to serve and protect the public by providing an accessible, responsible, and accountable regulatory system to ensure that Missouri consumers benefit from competent practitioners. Each licensing entity licenses qualified professionals by ensuring that minimum requirements have been met. In addition, each entity must also appropriately enforce standards through the inspection of facilities and the investigation of complaints.

Fiscal Year 2007 Governor's Recommendations

ADMINISTRATION

- \$109,584 Professional Registration Fees Fund for pay plan.
- (\$505,591) Professional Registration Fees Fund and (one) staff reallocated to realign the core budget.
- (5.02) staff core reduction from the Fiscal Year 2006 appropriation level.

STATE BOARD OF ACCOUNTANCY

- \$10,113 Board of Accountancy Fund for pay plan.
- \$5,929 Board of Accountancy Fund reallocated from Information Technology to realign the core budget.

STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, AND LAND SURVEYORS

- \$13,627 State Board of Architects, Engineers, and Land Surveyors Fund for pay plan.
- \$19,849 State Board of Architects, Engineers, and Land Surveyors Fund reallocated from Information Technology to realign the core budget.

STATE BOARD OF BARBER EXAMINERS

- (\$38,871) Board of Barber Examiners Fund reallocated to the Board of Cosmetology and Barbers pursuant to SB 280 (2005).

DEPARTMENT OF ECONOMIC DEVELOPMENT

PROFESSIONAL REGISTRATION (Continued)

STATE BOARD OF CHIROPRACTIC EXAMINERS

- (\$485) Board of Chiropractic Examiners Fund reallocated to Information Technology to realign the core budget.

STATE BOARD OF COSMETOLOGY

- (\$254,418) Board of Cosmetology Fund reallocated to the Board of Cosmetology and Barbers pursuant to SB 280 (2005).

MISSOURI DENTAL BOARD

- \$13,492 Dental Board Fund for pay plan.
- \$2,939 Dental Board Fund reallocated from Information Technology to realign the core budget.
- (\$2,016) Dental Board Fund core reduction for one-time expenditures.
- (.5) staff core reduction from the Fiscal Year 2006 appropriation level.

STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

- \$2,959 Board of Embalmers and Funeral Directors Fund reallocated from Information Technology to realign the core budget.

STATE BOARD OF REGISTRATION FOR THE HEALING ARTS

- \$65,088 Board of Registration for Healing Arts Fund for pay plan.
- \$2,860 Board of Registration for Healing Arts Fund reallocated from Information Technology to realign the core budget.
- (\$12,000) Board of Registration for Healing Arts Fund core reduction for one-time expenditures.
- (.08) staff core reduction from the Fiscal Year 2006 appropriation level.

STATE BOARD OF NURSING

- \$37,076 Board of Nursing Fund for pay plan.
- \$12,325 Board of Nursing Fund to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- \$14,136 Board of Nursing Fund reallocated from Information Technology to realign the core budget.
- (.5) staff core reduction from the Fiscal Year 2006 appropriation level.

STATE BOARD OF OPTOMETRY

- (\$11) Board of Optometry Fund reallocated to Information Technology to realign the core budget.

STATE BOARD OF PHARMACY

- \$34,082 Board of Pharmacy Fund for pay plan.
- (\$1,590) Board of Pharmacy Fund reallocated to Information Technology to realign the core budget.
- One staff reallocated from Administration to realign the core budget.

STATE BOARD OF PODIATRIC MEDICINE

- (\$12) Board of Podiatric Medicine Fund reallocated to Information Technology to realign the core budget.

MISSOURI REAL ESTATE COMMISSION

- \$33,443 Missouri Real Estate Commission Fund for pay plan.
- (\$2,190) Missouri Real Estate Commission Fund reallocated to Information Technology to realign the core budget.
- (Two) staff core reduction from the Fiscal Year 2006 appropriation level.

MISSOURI VETERINARY MEDICAL BOARD

- (\$17) Veterinary Medical Board Fund reallocated to Information Technology to realign the core budget.

DEPARTMENT OF ECONOMIC DEVELOPMENT

PROFESSIONAL REGISTRATION (Continued)

STATE BOARD OF COSMETOLOGY AND BARBERS

- \$254,418 Board of Cosmetology Fund reallocated from the State Board of Cosmetology pursuant to SB 280 (2005).
- \$38,871 Board of Barber Examiners Fund reallocated from the State Board of Barber Examiners pursuant to SB 280 (2005)
- (\$1,016) Board of Cosmetology Fund reallocated to Information Technology to realign the core budget.

ADMINISTRATIVE SERVICES

The Administrative Services Division provides direction and guidance to the department. Through policy development, legislative coordination, communications (public information) and research, the efforts of the divisions are aligned toward achieving improved performance for its customers. The division provides centralized support services, including establishment and maintenance of financial systems, management information systems, personnel functions, budget and planning, and mail services. Administrative Services also provides legal assistance, facilities management, and telecommunications services for divisions within the department.

Fiscal Year 2007 Governor's Recommendations

- \$155,160 for pay plan, including \$22,215 general revenue.
- (\$271,528) transferred to the statewide leasing budget, including (\$29,134) general revenue.
- (\$121,817) and (three) staff reallocated to various divisions to realign the core budget, including (\$45,377) general revenue.
- (Six) staff transferred to the Office of Administration for facilities management.
- (3.4) staff core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF INSURANCE

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 5,590,469	\$ 5,507,529	\$ 5,385,545	\$ 5,558,972
Information Technology Consolidation	0	1,068,355	0	0
Market Conduct and Financial Examinations	6,142,738	7,072,624	7,072,624	7,279,720
Health Insurance Counseling	639,248	800,000	800,000	800,000
DEPARTMENTAL TOTAL	\$ 12,372,455	\$ 14,448,508 *	\$ 13,258,169	\$ 13,638,692
Federal Funds	439,248	600,000	600,000	600,000
Insurance Examiners Fund	6,142,738	7,229,252	7,072,624	7,279,720
Department of Insurance Dedicated Fund	5,790,469	6,619,256	5,585,545	5,758,972
Full-time equivalent employees	203.40	217.50	202.50	202.50

* Does not include \$50,000 recommended in the Fiscal Year 2006 Supplemental Appropriation. See the Supplemental section of the Missouri Budget for details regarding the Department of Insurance's supplemental appropriation.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$13.6 million for the Department of Insurance. The department protects Missouri consumers through oversight of the insurance industry. The core functions provided by the Department of Insurance include:

- Protecting consumers by ensuring the financial health of insurance companies and stopping unfair and inequitable insurance practices.
- Promoting a competitive marketplace to ensure affordable insurance is available to Missourians.
- Providing outreach and educational assistance to aid consumers in making informed purchasing decisions.

Fiscal Year 2007 Governor's Recommendations

- \$380,523 other funds for pay plan.
- (\$1,068,355) other funds and (13) staff transferred to the Office of Administration for statewide consolidated information technology services.
- (\$67,584) other funds and (two) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$54,400) other funds for one-time expenditures.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Department Administration	\$ 11,780,889	\$ 15,349,502	\$ 12,840,114	\$ 12,871,435
Information Technology	0	1,841,196	0	0
Labor and Industrial Relations Commission	831,756	906,702	953,981	986,238
Division of Labor Standards	1,873,171	2,633,427	2,635,524	2,631,437
Division of Workers' Compensation	80,446,723	86,203,977	79,285,695	79,606,643
Division of Employment Security	45,747,068	56,602,816	54,393,042	55,474,470
State Board of Mediation	111,030	58,990	0	0
Commission on Human Rights	1,781,028	1,778,324	1,708,168	1,659,938
DEPARTMENTAL TOTAL	\$ 142,571,665	\$ 165,374,934	\$ 151,816,524	\$ 153,230,161
General Revenue Fund	2,518,257	2,490,016	2,407,912	2,269,725
Federal Funds	43,253,253	60,408,140	54,637,927	55,793,665
Tort Victims' Compensation Fund	928,235	157,756	105,000	105,000
Workers' Compensation Fund	11,182,796	12,122,909	11,132,355	11,496,639
Second Injury Fund	63,425,125	66,900,000	60,506,625	60,506,625
Crime Victims' Compensation Fund	5,793,505	7,472,830	7,428,422	7,441,934
Child Labor Enforcement Fund	31,240	200,000	185,000	185,000
Special Employment Security Bond Proceeds Fund	0	1	1	1
Special Employment Security Fund	15,439,254	15,623,282	15,413,282	15,431,572
Full-time equivalent employees	1,035.58	1,175.41	1,085.41	1,042.91

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides \$153.2 million for the Department of Labor and Industrial Relations. The department provides services that promote economic security and safe and healthy workplaces, as well as protects wage earners and individuals against discrimination. The core functions provided by the Department of Labor and Industrial Relations include:

- Processing and awarding payment of compensation to those who are unemployed, injured at work, or victims of crime.
- Assuring safe and healthy workplaces for Missouri employees through on-site inspections that identify hazards to be corrected in the workplace.
- Protecting wage earners and individuals against discrimination by improving working conditions and enforcing labor and anti-discrimination laws.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and information services.

Fiscal Year 2007 Governor's Recommendations

- \$56,900 increased transfer to the Department of Labor and Industrial Relations Administrative Fund for pay plan, including \$14,700 general fund.
- \$2,279 federal funds for pay plan.
- \$607,951 reallocated for realignment of the federal cost allocation plan, including (\$5,435) general revenue.
- (\$2,527,152) and (6.5) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$39,285) general revenue.
- (\$618,045) and (12) staff reallocated to various divisions to realign the core budget, including (\$35,065) general revenue.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$2,178,390 reallocated for realignment of the federal cost allocation plan, including \$31,968 general revenue.
- (\$4,019,586) and (69.5) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$42,901) general revenue.

LABOR AND INDUSTRIAL RELATIONS COMMISSION

The three-member Labor and Industrial Relations Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage, victims of crime compensation, and tort victims' compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions. The commission's opinions are subject to review by the judiciary. The commission is also charged with the statutory authority to approve or disapprove all rules and regulations promulgated by the divisions within the department.

Fiscal Year 2007 Governor's Recommendations

- \$32,257 for pay plan, including \$2,197 general revenue.
- \$59,990 and 1.2 staff reallocated from the State Board of Mediation per Governor's Executive Order 05-16.
- \$5,435 reallocated for realignment of the federal cost allocation plan.
- (\$12,711) and (.2) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$170) general revenue.
- (\$5,435) federal and other funds reallocated for realignment of the federal cost allocation plan.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides safety and health training classes for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work and annually thereafter. The division provides on-site safety and health consultations to businesses and industrial facilities by qualified professional consultants to identify serious hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these consultations upon employer requests.

Fiscal Year 2007 Governor's Recommendations

- \$74,134 for pay plan, including \$31,675 general revenue.
- \$2,097 reallocated to various divisions to realign the core budget.
- (\$78,221) and (one) staff core reduction from the Fiscal Year 2006 appropriation level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 8,800,959	\$ 9,599,957	\$ 9,383,957
Second Injury Benefits	63,425,125	66,900,000	60,506,625
Crime Victims' Administration	269,087	404,020	416,061
Crime Victims' Compensation Benefits	7,023,396	9,200,000	9,200,000
Tort Victims' Compensation Payments	928,156	100,000	100,000
TOTAL	\$ 80,446,723	\$ 86,203,977	\$ 79,606,643
Federal Funds	1,604,475	2,293,219	2,262,671
Tort Victims' Compensation Fund	928,235	157,756	105,000
Workers' Compensation Fund	8,770,142	9,489,863	9,356,493
Second Injury Fund	63,425,125	66,900,000	60,506,625
Crime Victims' Compensation Fund	5,718,746	7,363,139	7,375,854
Full-time equivalent employees	171.50	184.75	177.25

DIVISION OF WORKERS' COMPENSATION - ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal claims for compensation filed with the division under the "Missouri Workers' Compensation Law." The division also resolves disputed issues between an employee and employer/insurer through mediation and/or evidentiary hearings conducted by its administrative law judges and/or legal advisors. The division administers the rehabilitation of seriously injured workers, resolves disputes concerning the reasonableness of medical fees and charges, helps employers and insurers develop safety programs, reviews and approves applications by employers or group trusts for self-insurance authority, and investigates allegations of workers' compensation fraud and noncompliance.

Fiscal Year 2007 Governor's Recommendations

- \$310,000 other funds for pay plan.
- \$504 Workers' Compensation Fund reallocated from department administration.
- (\$488,238) federal and other funds and (7.5) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$28,094) other funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$10,172) federal and other funds transferred to the statewide leasing budget.

SECOND INJURY FUND

The Second Injury Fund is designed to compensate an injured employee when a current work-related injury combines with any prior injury that creates an increased combined disability. The basic concept is "the whole is greater than the sum of its part." For example, if an injured employee has a 15 percent disability from the current work-related injury and a 15 percent disability from the prior injury, and the combined disability is 40 percent, the fund pays for the increased disability. The fund is also responsible for payment of medical bills for injured employees when the employer fails to insure its workers' compensation liability. In addition, if the employee is killed, burial expenses and death benefits in the form of weekly payments to the surviving spouse or dependents of the employee are paid from the fund. The fund also provides benefits to injured employees undergoing physical rehabilitation. For injuries taking place after August 28, 1998, the fund also provides second job lost wage benefits.

Fiscal Year 2007 Governor's Recommendations

- (\$6,393,375) Second Injury Fund core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF WORKERS' COMPENSATION (Continued)

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime, which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2007 Governor's Recommendations

- \$10,948 Crime Victims' Compensation Fund for pay plan.
- \$1,093 Crime Victims' Compensation Fund reallocated from various divisions to realign the core budget.

CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Program processes and awards benefits to eligible victims of violent crimes. Crime Victims' Compensation benefits are available to individuals who, through no fault of their own, find themselves victimized by violent crimes. Since benefits are only paid to recover expenditures made or wages lost as a result of their victimization, benefit recipients do not profit from the criminal violation. State funding to pay benefits is derived from a combination of court fees assessed in criminal cases and fines levied against individuals convicted of criminal activity. Federal grant dollars are also awarded based on the state's prior year expenditure for benefits.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

TORT VICTIMS' COMPENSATION

The Tort Victims' Compensation Fund provides benefits to individuals who have received a final monetary judgment in a civil case but who have been unable to collect all, or part of, the judgment entered against the defendant. Funding is provided from the Tort Victims' Compensation Fund. The fund's exclusive revenue source is 50 percent of all punitive damage awards entered in civil cases in Missouri. Of this amount, 74 percent is used to pay victims.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 24,419,901	\$ 34,479,594	\$ 33,332,958
Special Employment Security Fund	15,317,392	15,123,221	15,141,511
Employment and Training Payments	6,009,775	7,000,000	7,000,000
Board of Unemployment Fund Financing Bond Proceeds	0	1	1
TOTAL	\$ 45,747,068	\$ 56,602,816	\$ 55,474,470
Federal Funds	30,429,676	41,479,594	40,332,958
Special Employment Security Bond Proceeds Fund	0	1	1
Special Employment Security Fund	15,317,392	15,123,221	15,141,511
Full-time equivalent employees	625.50	732.71	698.71

DIVISION OF EMPLOYMENT SECURITY - ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2007 Governor's Recommendations

- \$1,063,138 federal funds for pay plan.
- \$124,200 federal funds and five staff reallocated for realignment of the federal cost allocation plan.
- \$2,844 federal funds reallocated from department administration.
- (\$1,373,885) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$962,933) federal funds transferred to the statewide leasing budget.
- (39) staff core reduction from the Fiscal Year 2006 appropriation level.

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, which includes refunds of overcollected interest and penalties and administrative expenses of the division not covered by the federal grant. The fund may also be used to acquire suitable office space for the division. Section 288.128, RSMo, provides for federal interest assessments on Title XII advances to the Unemployment Trust Fund to be deposited into this fund until payment to the federal government is made.

Fiscal Year 2007 Governor's Recommendations

- \$18,290 Special Employment Security Fund for pay plan.

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U.S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF EMPLOYMENT SECURITY (Continued)

BOARD OF UNEMPLOYMENT FUND FINANCING

The Board of Unemployment Fund Financing has authority to borrow up to \$450 million in credit instruments or financial agreements to fund the Unemployment Compensation Trust Fund in accordance with Sections 288.310, 288.330, and 288.128, RSMo.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATE BOARD OF MEDIATION

The State Board of Mediation is a quasi-judicial board created by an act of the General Assembly in 1947 to mediate public utility disputes. Since 1967, the board has been charged with the responsibility of determining appropriate bargaining units of public employees. It also conducts secret ballot elections to determine exclusive bargaining agent status. The board retains the authority to mediate disputes in the area of public utilities regarding wages and working conditions.

Fiscal Year 2007 Governor's Recommendations

- (\$58,990) and (1.2) staff reallocated to the Division of Labor and Industrial Relations Commission per Governor's Executive Order 05-16.
- (.8) staff core reduction from Fiscal Year 2006 appropriation level.

MISSOURI COMMISSION ON HUMAN RIGHTS

The statutory mandate of the Missouri Commission on Human Rights (MCHR) is to prevent and eliminate discrimination as prohibited by the Missouri Human Rights Act. The act requires the MCHR to receive, investigate, and resolve complaints of alleged discrimination in the areas of housing, employment, and public accommodations due to race, color, religion, national origin, ancestry, sex, disability, or age (in employment only) and familial status (in housing only). Through its education and outreach program, the MCHR reduces intergroup conflict and discourages illegal discrimination.

Fiscal Year 2007 Governor's Recommendations

- \$57,365 for pay plan, including \$24,915 general revenue.
- \$1,584 federal funds reallocated from department administration.
- (\$105,595) and (one) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$48,193) transferred to the statewide leasing budget, including (\$27,606) general revenue.
- (\$23,547) federal funds transferred to the Office of Administration for statewide consolidated information technology services.

DEPARTMENT OF PUBLIC SAFETY

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Office of the Director	\$ 32,108,622	\$ 35,044,021	\$ 35,431,389	\$ 35,416,898
Information Technology	0	1,986,257	0	0
Capitol Police	1,322,148	1,305,084	1,330,127	1,413,426
State Highway Patrol	169,761,857	211,043,090	224,085,534	225,807,517
State Water Patrol	6,660,766	7,062,407	6,954,742	7,298,299
Division of Alcohol and Tobacco Control	2,894,060	3,112,969	3,087,764	3,248,757
Division of Fire Safety	2,773,914	2,948,851	3,522,668	3,341,946
Missouri Veterans' Commission	59,551,669	62,743,380	64,955,895	69,035,226
Missouri Gaming Commission	18,156,902	23,425,110	24,647,020	25,128,681
Adjutant General	81,117,044	38,611,788	41,882,772	42,431,828
DEPARTMENTAL TOTAL	\$ 374,346,982	\$ 387,282,957 *	\$ 405,897,911	\$ 413,122,578
General Revenue Fund	43,654,130	64,597,706	64,366,134	62,084,170
Federal Funds	102,993,602	73,980,467	81,969,717	82,673,604
Gaming Commission Fund	19,163,691	24,613,646	25,897,502	26,387,013
Missouri Veterans' Homes Fund	45,880,040	33,050,029	32,137,953	37,653,037
State Highways and Transportation				
Department Fund	133,066,490	153,205,290	160,671,031	163,291,058
Other Funds	29,589,029	37,835,819	40,855,574	41,033,696
Full-time equivalent employees	4,891.42	4,868.36	4,932.36	4,928.26

* Does not include \$6,609,272 in Fiscal Year 2006 Supplemental Appropriations, including \$5,037,184 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Public Safety supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides \$413 million for the Department of Public Safety. The department is charged with protecting the people of Missouri from crime and other dangers. The department provides citizens with round-the-clock service on land, water, and by air. The core functions provided by the Department of Public Safety include:

- Enforcing laws on state roads and waterways.
- Combating the manufacturing and sale of illegal drugs, such as methamphetamine.
- Supporting local law enforcement agencies.
- Assisting victims of crime and crime victim advocacy organizations, such as domestic violence shelters.
- Promoting fire safety.
- Deterring underage consumption of alcohol and tobacco.
- Preparing for and responding to disasters.
- Maintaining National Guard units at a high state of readiness so they are prepared to respond when called to active duty.
- Providing assistance and care for veterans.
- Regulating riverboat gaming.

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE DIRECTOR/CRIMINAL JUSTICE PROGRAMS UNIT

The Director's Office provides the central budgeting, finance, and personnel control to ensure efficient use of available resources. Staff members plan, review, and evaluate programs to coordinate the state's public safety and law enforcement efforts and to promote cooperation among local, state, and federal agencies. In addition, the criminal justice unit oversees the implementation of programs relating to juvenile justice, domestic violence, peace officer standards, witness protection, forensic laboratories, narcotics control, and crime victims assistance.

Fiscal Year 2007 Governor's Recommendations

- \$283,568 federal funds to establish a statewide notification system for orders of protection.
- \$150,000 federal and other funds to correctly allocate expenses to federal grants.
- \$60,509 for pay plan, including \$38,449 general revenue.
- \$300 Crime Prevention Information and Programming Fund reallocated from Information Technology.
- (\$75,000) core reduction from the Fiscal Year 2006 appropriation level.
- (\$46,500) transferred to the Office of Administration for statewide consolidated information technology services, including (\$45,500) general revenue.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- (\$1,806,303) and (20) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$626,462) general revenue.
- (\$174,904) and (1.5) staff reallocated to various divisions within the department, including (\$51,792) general revenue.
- (\$5,050) other funds core reduction for one-time expenditures.

CAPITOL POLICE

The Capitol Police are responsible for security at the Capitol and other facilities occupied by state agencies throughout Jefferson City.

Fiscal Year 2007 Governor's Recommendations

- \$24,193 for national accreditation, firearms training, vehicle maintenance, and parking enforcement supplies.
- \$49,409 for pay plan.
- \$37,890 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- (\$3,150) transferred to the Office of Administration for statewide consolidated information technology services.

HIGHWAY PATROL

ADMINISTRATION

This section includes the administrative, planning, fiscal, and support activities of the Highway Patrol.

Fiscal Year 2007 Governor's Recommendations

- \$100,000 State Highways and Transportation Department Fund to contract for validation of hiring processes.
- \$37,444 Criminal Record Systems Fund and one staff to coordinate a variety of grants.
- \$213,022 State Highways and Transportation Department Fund for pay plan.
- \$221,392 State Highways and Transportation Department Fund for the final phase of the special trooper pay plan.

DEPARTMENT OF PUBLIC SAFETY

HIGHWAY PATROL (Continued)

FRINGE BENEFITS

Employer retirement contributions, health insurance, and workers' compensation insurance for Highway Patrol employees are paid by the state in a separate appropriation made for those purposes. The amount of the retirement payment is determined by the Board of Trustees of the Highway Employees and Highway Patrol Retirement System.

Fiscal Year 2007 Governor's Recommendations

- \$5,782,579 for fringe benefit increases, including \$591,017 general revenue.
- (\$91,606) federal funds core reductions from the Fiscal Year 2006 appropriation level.

ENFORCEMENT

The primary activity of this section is the patrolling of more than 122,000 miles of public roadways to ensure the safe and orderly flow of traffic. The Enforcement Division also performs undercover investigations, assists local law enforcement agencies, provides access to the Missouri Uniform Law Enforcement System, performs criminal background checks, and maintains a statewide system of commercial motor vehicle weigh stations.

Fiscal Year 2007 Governor's Recommendations

- \$2,500,000 federal and other funds to replace one helicopter.
- \$1,800,000 Criminal Record Systems Fund for authority to pass through money received for processing FBI criminal record checks.
- \$1,281,600 State Highways and Transportation Department Fund to upgrade vehicle safety features.
- \$753,491 federal funds for the Missouri Information Analysis Center.
- \$360,000 for vehicle emergency warning equipment, including \$20,000 general revenue.
- \$225,000 federal funds to contract for validation of hiring processes.
- \$200,000 federal funds for a new armored vehicle for the Special Emergency Response Team.
- \$170,500 Highway Patrol's Motor Vehicle and Aircraft Revolving Fund for helicopter maintenance.
- \$144,000 federal funds to support the DWI tracking system and Fatality Analysis Reporting System.
- \$100,000 federal funds for buy money used in drug investigations.
- \$58,500 federal funds for flight training.
- \$50,800 Highway Patrol Traffic Records Fund to support traffic record application operations.
- \$49,600 federal funds for new tactical entry vests for the Special Emergency Response Team.
- \$40,000 federal funds for the canine program.
- \$36,465 Gaming Commission Fund to equip gaming vehicles with emergency sirens.
- \$35,256 State Highways and Transportation Department Fund and two staff transferred from the Office of Administration to support flight operations.
- \$2,569,725 for pay plan, including \$242,380 general revenue.
- \$5,040,646 for the final phase of the special trooper pay plan, including \$586,212 general revenue.
- (\$5,255,028) federal and other funds and (one) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$150,000) other funds core reduction for one-time expenditures.
- (\$16,054) federal and other funds transferred to the statewide leasing budget.

DEPARTMENT OF PUBLIC SAFETY

HIGHWAY PATROL (Continued)

CRIME LABORATORY

The Missouri State Highway Patrol Crime Laboratory is a nationally accredited crime lab system that provides state of the art forensic science services to all local, state, and federal law enforcement agencies. Services provided include the forensic specialties of controlled substance, DNA, trace evidence, firearms, toolmarks, toxicology, and latent fingerprint examination.

Fiscal Year 2007 Governor's Recommendations

- \$2,434,352 and seven staff for a new full service Crime Laboratory in Springfield, including \$74,360 general revenue.
- \$200,000 State Highways and Transportation Department Fund to replace a gas chromatograph/mass spectrometer used in drug case analyses.
- \$102,720 and two staff to replace federal funding for drug analysis.
- \$100,000 State Forensic Laboratory Fund to replace laboratory equipment used to identify substances in drug cases.
- \$151,840 for pay plan, including \$37,947 general revenue.
- \$7,596 for the final phase of the special trooper pay plan.
- (\$16,861) DNA Profiling Analysis Fund core reduction for one-time expenditures.
- (Two) staff core reduction from the Fiscal Year 2006 appropriation level.

LAW ENFORCEMENT ACADEMY

The academy provides basic training to police officers in all agencies outside St. Louis and Jackson counties. The academy also provides administrative and specialized training to police officers from all counties.

Fiscal Year 2007 Governor's Recommendations

- \$57,491 other funds for pay plan.
- \$81,454 State Highways and Transportation Department Fund for the final phase of the special trooper pay plan.
- (\$135,490) federal funds and (three) staff core reduction from the Fiscal Year 2006 appropriation level.

VEHICLE AND DRIVER SAFETY

This section evaluates drivers and vehicles to identify and remove those unfit to be on Missouri roadways. Over 4,900 inspection stations and approximately 23,300 inspector mechanics throughout the state are supervised. The section also maintains over 140 driver examination stations throughout the state.

Fiscal Year 2007 Governor's Recommendations

- \$52,275 Highway Patrol Inspection Fund for increased shipping costs.
- \$363,130 State Highways and Transportation Department Fund for pay plan.
- \$22,010 State Highways and Transportation Department Fund for the final phase of the special trooper pay plan.
- (\$5,000,000) transferred to the Department of Revenue for law enforcement costs.
- (\$361,900) federal funds core reduction for one-time expenditures.
- (\$76,263) State Highways and Transportation Department Fund transferred to the statewide leasing budget.

TECHNICAL SERVICES

This section develops and processes comprehensive criminal offender data, traffic record data, and administrative data. The database is used to respond to inquiries and for analysis of the criminal justice and traffic systems to plan for effective law enforcement. This section also operates the statewide Missouri Uniform Law Enforcement System (MULES).

Fiscal Year 2007 Governor's Recommendations

- \$100,000 State Highways and Transportation Department Fund for telephone replacement at troop headquarters.
- \$445,052 for pay plan, including \$13,947 general revenue.
- \$7,596 State Highways and Transportation Department Fund for the final phase of the special trooper pay plan.
- (\$27,907) State Highways and Transportation Department Fund transferred to the statewide leasing budget.

DEPARTMENT OF PUBLIC SAFETY

STATE WATER PATROL

The primary task of the State Water Patrol is to ensure that Missouri citizens and tourists enjoy state waterways in safety through enforcement of water safety laws. This is accomplished by patrolling 626,081 acres of recreational waters in the state. Water Patrol officers provide boating safety education, boat inspection services, and enforce state and federal laws relating to water safety.

Fiscal Year 2007 Governor's Recommendations

- \$196,693 for pay plan, including \$183,255 general revenue.
- \$146,864 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$140,097 general revenue.
- (\$76,500) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$18,121) transferred to the statewide leasing budget.
- (\$13,044) federal funds core reduction from the Fiscal Year 2006 appropriation level.

DIVISION OF ALCOHOL AND TOBACCO CONTROL

The Division of Alcohol and Tobacco Control administrative staff review all liquor license applications and reported liquor and tobacco violations. The staff develops facts regarding reported violations in pre-hearing conferences and formal hearings before the supervisor, and, depending on the outcome of hearings, issues citations.

The audit and collection staff reviews beer, wine, and liquor transactions to ensure that all revenues due to the state are collected. The program also ensures fair competition among liquor wholesalers by monitoring actual prices charged for various classes and types of beverages against price schedules for such products.

The enforcement program ensures that liquor licenses are issued only to qualified applicants on approved premises. Agents conduct inspections and investigate complaints received on violations of alcohol and tobacco control laws. Reports are filed with local authorities and the supervisor of Alcohol and Tobacco Control for review and appropriate action.

Fiscal Year 2007 Governor's Recommendations

- \$101,088 for pay plan, including \$85,534 general revenue.
- \$59,905 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- (\$25,205) transferred to the Office of Administration for statewide consolidated information technology services.

DIVISION OF FIRE SAFETY

Division of Fire Safety staff investigates the causes of fires and explosions. Investigators assist in case development and, when necessary, work with local law enforcement authorities to prosecute persons accused of arson. Inspection activities concentrate on fire prevention evaluations. Inspectors evaluate nursing homes that are used for state mental health patients, patient care facilities operated by the Department of Mental Health, day care facilities licensed by the state, senior citizen nutrition and recreation centers, and other public facilities. The division also administers a Public Boiler and Pressure Vessel Safety Inspection Program, conducts fireworks industry inspections, and provides firefighter training throughout the state.

Fiscal Year 2007 Governor's Recommendations

- \$311,270 federal funds for a public fire education program.
- \$62,500 other funds for replacement vehicles.
- \$87,901 for pay plan, including \$66,373 general revenue.
- \$26,362 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- (\$48,660) Elevator Safety Fund core reduction for one-time expenditures.
- (\$25,136) transferred to the statewide leasing budget, including (\$14,076) general revenue.
- (\$21,142) transferred to the Office of Administration for statewide consolidated information technology services, including (\$8,064) general revenue.

DEPARTMENT OF PUBLIC SAFETY

MISSOURI VETERANS' COMMISSION

The commission has four components: administration, which oversees programs and maintains central files; the Missouri veterans' homes at St. James, Mexico, Mt. Vernon, Cape Girardeau, St. Louis, Cameron, and Warrensburg, which care for Missouri veterans; the Missouri veterans' cemeteries at Higginsville, Springfield, Jacksonville, and Bloomfield; and the Service to Veterans' Program, which assists veterans in applying for U.S. Veterans Administration pensions and other benefits.

Fiscal Year 2007 Governor's Recommendations

- \$2,000,000 Missouri Veterans' Homes Fund for overtime costs at veterans homes.
- \$1,523,805 Missouri Veterans' Homes Fund for increased pharmaceutical costs at veterans homes.
- \$115,391 and three staff for the Veterans Service Officer Program.
- \$82,820 and 1.5 staff for the Veterans Ombudsman Program.
- \$62,000 Veterans Commission Capital Improvement Trust Fund to replace a backhoe at the Springfield cemetery.
- \$1,683,992 for pay plan, including \$430,716 general revenue.
- \$831,854 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$58,339 general revenue.
- (\$8,016) transferred to the statewide leasing budget.

GAMING COMMISSION

Senate Bill 10 (1993) established the Gaming Commission, which was granted regulatory authority over riverboat gambling and bingo. The five members of the Gaming Commission are appointed by the Governor with the advice and consent of the Senate.

Fiscal Year 2007 Governor's Recommendations

- \$740,298 Gaming Commission Fund for fringe benefit rate increases.
- \$481,661 Gaming Commission Fund for pay plan.
- \$542,788 Gaming Commission Fund for the final phase of the special trooper pay plan.
- (\$61,176) Gaming Commission Fund transferred to the statewide leasing budget.

ADJUTANT GENERAL

ADMINISTRATION

This section provides administrative support for the Missouri National Guard, including the functions of command communication, logistical assistance, finance, and budgeting. The Adjutant General is the military chief of staff to the commander-in-chief (Governor). The Adjutant General is also the administrative head of the military forces, which include Army and Air National Guard elements assigned to the state by the federal government.

Fiscal Year 2007 Governor's Recommendations

- \$30,000 federal funds and one staff to replace core reductions in other funding sources.
- \$46,036 for pay plan.
- \$41,930 and .5 staff reallocated from information technology.
- (\$44,283) federal funds and (1.1) staff reallocated to contract services.
- (\$81,864) and (1.6) staff core reduction from the Fiscal Year 2006 appropriation level.

FIELD SUPPORT

The field support section supports the operational needs of Missouri National Guard facilities located throughout the state. This section includes maintenance and operation of 62 armories and 629 buildings in 64 Missouri communities.

Fiscal Year 2007 Governor's Recommendations

- \$99,992 for start-up costs at armories in Dexter and Pierce City and the addition in Chillicothe, including \$89,504 general revenue.
- \$28,794 for pay plan, including \$28,136 general revenue.
- (\$15,000) transferred to the statewide leasing budget.

DEPARTMENT OF PUBLIC SAFETY

ADJUTANT GENERAL (Continued)

NATIONAL GUARD TRUST FUND PROGRAM

HB 1519 (1998) established the Missouri National Guard Trust Fund and permitted income tax check-off contributions to be deposited in the fund. Grants, gifts, and bequests may also be deposited in the fund. In the absence of specific requirements attached to fund donations, the Office of the Adjutant General may, subject to appropriation, expend the funds for any lawful purpose in support of the Guard.

Fiscal Year 2007 Governor's Recommendations

- \$43,800 National Guard Trust Fund for pay plan.
- \$47,312 National Guard Trust Fund and one staff reallocated from information technology.

MISSOURI MILITARY FAMILY RELIEF PROGRAM

In 2005, HB 437 authorized the Adjutant General to make grants to families of persons who are members of the Missouri National Guard or Missouri residents who are members of the reserve forces of the United States and have been called to active duty as a result of the terrorist attacks of September 11, 2001. This program will be funded in its entirety from donations and income tax contributions designated on Missouri income tax returns.

Fiscal Year 2007 Governor's Recommendations

- \$200,000 Missouri Military Family Relief Fund on an open-ended basis for grants to families of the National Guard and Reservists who are called to active duty and are in financial need.

VETERANS' RECOGNITION PROGRAM

The Veterans' Recognition Program was first established in 2000 with the creation of the World War II Veterans Recognition Award. The World War II Veterans' Recognition Award consists of a medal, medallion, and certificate. World War II veterans who participated in the D-Day Invasion of Europe are also eligible to receive a replica of the Jubilee of Liberty medal. During the 2003 legislative session, the Korean Conflict Medallion Program was established. The Korean Conflict Award consists of a medal, medallion, and certificate.

Fiscal Year 2007 Governor's Recommendations

- \$1,705 Veterans Commission Capital Improvement Trust Fund for pay plan.

CONTRACT SERVICES

This section provides funding for contractual agreements between the federal and state government related to maintenance and security of National Guard installations.

Fiscal Year 2007 Governor's Recommendations

- \$1,850,400 federal funds and 60 staff to maintain security at Air National Guard bases at St. Joseph and St. Louis.
- \$304,080 and ten staff to support National Guard armory operations, including \$30,195 general revenue.
- \$85,362 reallocated from information technology, including \$9,862 general revenue.
- \$44,283 federal funds and 1.1 staff reallocated from administration.
- \$23,598 federal funds and .75 staff to replace core reductions in other funding.
- \$438,652 for pay plan, including \$19,366 general revenue.
- (\$32,189) federal funds transferred to the statewide leasing budget.
- (\$23,598) and (.75) staff core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF PUBLIC SAFETY

ADJUTANT GENERAL (Continued)

OFFICE OF AIR SEARCH AND RESCUE

The Office of Air Search and Rescue provides emergency services utilizing the efforts of professionally trained pilots, communications specialists, and emergency support personnel. The office works in cooperation with state and federal agencies, the Civil Air Patrol, and public and private hospitals to provide emergency services, rescue operations, mercy missions, aerial observations, and emergency communications to anyone in immediate need of these specialized services.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATE EMERGENCY MANAGEMENT AGENCY

The State Emergency Management Agency develops policies and procedures that help protect citizens in times of disaster. The agency is charged with the task of preparing and periodically updating plans to manage and control the state's resources in emergency situations. Once disaster strikes, the agency administers federal assistance to disaster areas and coordinates efforts to aid individuals, protect property, and restore essential utilities and structures. A state emergency operations center also is maintained to serve as the control center for state government should emergency situations arise.

Fiscal Year 2007 Governor's Recommendations

- \$500,000 to update state mitigation plans, including \$125,000 general revenue.
- \$200,000 to contract for completion of close-out reports for federal pre-disaster mitigation grants, including \$50,000 general revenue.
- \$52,452 federal funds and two staff to replace core reductions in other funding.
- \$92,753 for pay plan, including \$48,973 general revenue.
- (\$61,723) transferred to the Office of Administration for statewide consolidated information technology services, including (\$29,150) general revenue.
- (\$52,452) and (two) staff core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF CORRECTIONS

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Office of the Director	\$ 78,550,500	\$ 76,377,972	\$ 122,681,537	\$ 115,469,323
Information Technology	0	6,626,625	0	0
Division of Human Services	11,236,764	11,354,681	19,569,429	11,890,990
Division of Adult Institutions	243,353,160	250,560,590	276,301,126	273,875,921
Division of Offender Rehabilitative Services	133,992,628	147,288,948	167,379,828	159,669,753
Board of Probation and Parole	76,360,039	75,540,104	78,419,873	79,707,471
DEPARTMENTAL TOTAL	\$ 543,493,091	\$ 567,748,920	\$ 664,351,793	\$ 640,613,458
General Revenue Fund	508,151,066	516,768,254	612,752,160	588,794,545
Federal Funds	4,730,775	8,139,981	8,499,336	8,587,041
Working Capital Revolving Fund	27,901,813	37,152,934	36,124,631	36,421,514
Inmate Revolving Fund	2,699,802	5,423,151	6,711,066	6,545,758
Correctional Substance Abuse Earnings Fund	9,635	264,600	264,600	264,600
Full-time equivalent employees	12,079.09	11,312.02	12,058.73	11,293.23

* Does not include \$8,630,869 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental Section of the Missouri Budget for details regarding Department of Corrections supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$640.6 million for the Department of Corrections. The Department provides secure facilities for segregating criminals and promotes a safe reintegration of former offenders into lawful society. The core functions provided by the Department of Corrections promote the safety of Missourians through:

- Confinement of offenders who require incarceration.
- Rehabilitation of both incarcerated and community-supervised offenders.
- Supervision of offenders who have served their terms and are being reintroduced back into society.
- Supervision of offenders who have been assigned probation in the community.

**DEPARTMENT OF CORRECTIONS
OFFICE OF THE DIRECTOR**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Office of the Director (Staff)	\$ 3,269,526	\$ 2,846,636	\$ 2,960,136
Federal Programs	4,280,791	7,687,107	8,137,039
Fuel and Utilities	24,103,325	21,886,932	28,345,946
Fuel and Utilities/Board of Public Buildings	3,426,479	3,366,074	4,561,609
Food Purchases	24,292,538	24,088,476	25,356,340
Public School Retirement	0	1	1
Population Growth Pool	10,055,364	13,076,367	4,551,814
Information Systems	6,088,730	176,525	0
Telecommunications	3,033,747	3,249,854	2,495,822
Costs in Criminal Cases	0	0	39,060,616
TOTAL	\$ 78,550,500	\$ 76,377,972	\$ 115,469,323
General Revenue Fund	72,319,754	66,484,465	105,138,223
Federal Funds	4,730,775	8,137,107	8,587,039
Working Capital Revolving Fund	1,499,971	1,756,400	1,744,061
Full-time equivalent employees	413.93	144.24	150.24

The director of the Department of Corrections provides guidance, coordination, and control of the four departmental divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and the Board of Probation and Parole. The Office of the Director consists of the Director's Office, the Deputy Director's Office, Public Information, Office of Constituent Services, and Legal Services.

Fiscal Year 2007 Governor's Recommendations

- \$6,992,607 for increased fuel costs.
- \$3,100,000 to reimburse counties for the costs associated with criminal cases.
- \$1,195,535 for increased fuel costs in Board of Public Buildings facilities.
- \$600,000 federal funds and seven staff for federal programs.
- \$431,329 for pay plan, including \$343,624 general revenue.
- \$35,960,616 transferred from the Office of Administration to reimburse counties for the costs associated with criminal cases.
- \$14,321 reallocated from Information Technology.
- (\$4,269,383) reallocated to the Division of Offender Rehabilitative Services.
- (\$1,818,702) core reduction from Fiscal Year 2006 appropriation level.
- (\$1,350,129) reallocated to the Division of Adult Institutions.
- (\$1,225,237) and (one) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$987,464) general revenue.
- (\$539,606) transferred to the statewide leasing budget, including (\$527,267) general revenue.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- (\$6,381,090) and (55.79) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$6,180,919) general revenue.
- (\$150,874) and (one) staff reallocated to the Division of Human Services.
- (\$80,340) reallocated to the Division of Offender Rehabilitative Services, including (\$10,793) general revenue.
- (\$14,321) reallocated to the Office of the Director.

DEPARTMENT OF CORRECTIONS

DIVISION OF HUMAN SERVICES

The Division of Human Services consists of Training, Employee Health and Safety, Human Resources, Budget and Research, Fiscal Management, General Services, Strategic Planning, and Religious and Spiritual programs. Training is responsible for training new staff and upgrading training for present staff. Employee Health and Safety consists of activities involving infectious disease control, wellness programs, and other items that relate to employee morale and well-being. Human Resources coordinates hiring, promotions, and discipline in all four divisions to ensure that professional and equitable treatment is available to all employees. Budget and Research ensures that long- and short-term budgetary and strategic planning needs are identified and addressed. Fiscal Management carries out the department's day-to-day financial operations. General Services coordinates food and construction services. Chaplains and volunteers are supervised by Religious and Spiritual programs. Department-wide appropriations centralized at this level include fuel and utilities, food, security staff compensatory time, the institutional expense and equipment pool, and federal programs.

Fiscal Year 2007 Governor's Recommendations

- \$353,210 for pay plan, including \$340,394 general revenue.
- \$33,148 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- \$150,874 and one staff reallocated from Information Technology.
- \$38,532 and one staff transferred from the Office of Administration.
- (\$25,217) transferred to the statewide leasing budget.
- (\$14,238) transferred to the Office of Administration for statewide consolidated information technology services.

**DEPARTMENT OF CORRECTIONS
DIVISION OF ADULT INSTITUTIONS**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Central Office	\$ 1,858,482	\$ 1,540,740	\$ 1,589,929
Overtime	0	4,942,848	12,762,343
Wage and Discharge Costs	3,673,783	3,782,646	3,968,244
Institutional E&E Pool	18,494,579	18,061,620	19,155,742
Jefferson City Correctional Center	15,652,630	16,708,063	15,554,443
Missouri State Penitentiary Operations	315,430	0	0
Central Missouri Correctional Center	6,659,584	1,134,818	1,180,211
Women's Eastern Reception & Diagnostic Correctional Center	10,566,448	11,152,008	13,453,495
Ozark Correctional Center	4,498,446	4,566,303	4,937,602
Moberly Correctional Center	10,566,959	11,326,139	11,985,975
Algoa Correctional Center	8,280,062	9,482,253	9,624,813
Missouri Eastern Correctional Center	6,490,377	7,267,811	9,354,574
Chillicothe Correctional Center	4,071,643	4,558,492	5,512,556
Boonville Correctional Center	7,918,373	8,706,149	9,090,674
Farmington Correctional Center	15,414,956	16,562,046	17,644,601
Farmington Correctional Center/ Board of Public Buildings	1,308,850	1,357,859	1,345,110
Western Missouri Correctional Center	13,599,403	14,073,847	14,928,527
Potosi Correctional Center	9,155,124	8,844,126	10,700,451
Fulton Reception & Diagnostic Correctional Center	8,425,042	9,783,923	11,726,206
FRDCC/Board of Public Buildings	499,971	601,873	688,521
Tipton Correctional Center	9,959,031	9,737,840	9,467,897
Western Reception & Diagnostic Correctional Center	15,145,446	15,104,614	15,034,838
Maryville Treatment Center	5,909,300	5,678,581	5,520,366
Crossroads Correctional Center	10,273,385	10,788,933	11,092,751
Northeast Correctional Center	14,156,314	13,829,615	15,184,352
Eastern Reception & Diagnostic Correctional Center	19,050,750	18,703,273	18,828,110
South Central Correctional Center	10,815,174	11,205,053	11,908,665
Southeast Missouri Correctional Center	10,593,618	11,059,117	11,634,925
TOTAL	\$ 243,353,160	\$ 250,560,590	\$ 273,875,921
General Revenue Fund	242,651,091	249,677,364	273,425,208
Federal Funds	0	1	1
Working Capital Revolving Fund	356,233	458,054	1
Inmate Revolving Fund	345,836	425,171	450,711
Full-time equivalent employees	8,684.53	8,117.80	8,102.80

Fiscal Year 2007 Governor's Recommendations

- \$7,621,781 for overtime payments.
- \$9,114,935 for pay plan, including \$9,097,928 general revenue.
- \$5,738,992 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$5,730,459 general revenue.
- \$1,350,129 reallocated from the Office of the Director.
- \$23,003 and one staff reallocated from the Division of Offender Rehabilitative Services.
- (\$458,053) other funds and (16) staff core reduction from Fiscal Year 2006 appropriation level.
- (\$72,346) transferred to the Office of Administration for statewide consolidated information technology services.
- (\$3,110) transferred to the statewide leasing budget.

DEPARTMENT OF CORRECTIONS

DIVISION OF ADULT INSTITUTIONS (Continued) Missouri Prison Population for the Month Ended December 2005

<u>Male Institutional</u>	<u>Capacity</u>	<u>Beds Off Line</u>	<u>Population</u>	<u>Vacancies</u>
Algoa Correctional Center	1,565	0	1,549	16
Boonville Correctional Center	1,256	0	1,238	18
Crossroads Correctional Center (Cameron)	1,450	0	1,446	4
Eastern Reception/Diagnostic Correctional Center (Bonne Terre)	2,684	0	2,698	(14)
Farmington Correctional Center	2,257	0	2,262	(5)
Fulton Reception and Diagnostic Center	1,302	0	1,390	(88)
Jefferson City Correctional Center	1,708	0	1,687	21
Kansas City Community Release Center	300	0	289	11
Missouri Eastern Correctional Center (Pacific)	1,140	40	1,094	46
Moberly Correctional Center	1,800	0	1,791	9
Northeast Correctional Center (Bowling Green)	1,935	0	1,924	11
Ozark Correctional Center (Fordland)	650	0	637	13
Potosi Correctional Center	852	0	847	5
South Central Correctional Center (Licking)	1,642	0	1,595	47
Southeast Missouri Correctional Center (Charleston)	1,642	0	1,533	109
St. Louis Community Release Center	500	0	446	54
Tipton Correctional Center	1,088	0	1,078	10
Western Missouri Correctional Center (Cameron)	1,925	0	1,917	8
Western Reception/Diagnostic Correctional Center (St. Joseph)	1,284	0	1,309	(25)
Male Institutional Total	26,980	40	26,730	250
<u>Male Treatment</u>				
Biggs Unit (Fulton)	0	0	0	0
Boonville Treatment Center	60	0	56	4
Cremer (Fulton)	180	0	169	11
Farmington Treatment Center	275	20	241	34
Maryville Treatment Center	525	0	522	3
Mineral Area Treatment Center	100	0	93	7
Jefferson City Correctional Center	288	0	288	0
Western Regional Treatment Center	650	0	621	29
Male Treatment Total	2,078	20	1,990	88
TOTAL MALE POPULATION	29,058	60	28,720	338
<u>Female</u>				
Biggs Unit (Fulton)	0	0	0	0
Chillicothe Correctional Center	525	0	517	8
Kansas City Community Release Center	50	0	48	2
St. Louis Community Release Center	50	0	53	(3)
Women's Eastern Reception and Diagnostic Correctional Center	1,900	0	1,973	(73)
TOTAL FEMALE POPULATION	2,525	0	2,591	(66)
TOTAL POPULATION	31,583	60	31,311	272

**DEPARTMENT OF CORRECTIONS
DIVISION OF OFFENDER REHABILITATIVE SERVICES**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Central Office	\$ 1,767,227	\$ 1,897,441	\$ 1,981,466
Medical Services	85,484,246	91,226,093	103,300,920
Medical Equipment	234,272	239,134	239,523
Substance Abuse Services	0	6,313,286	6,509,918
Drug Testing-Toxicology	0	899,916	886,331
Education Services	0	12,350,093	12,041,047
Education and Treatment Services	21,416,190	0	0
Vocational Enterprises	25,090,693	33,014,523	33,364,690
Prison Industry Enhancement	0	962,762	962,762
Re-Entry	0	385,700	383,096
TOTAL	\$ 133,992,628	\$ 147,288,948	\$ 159,669,753
General Revenue Fund	108,006,095	112,352,713	124,727,700
Federal Funds	0	1	1
Working Capital Revolving Fund	25,976,898	34,671,634	34,677,452
Correctional Substance Abuse Earnings Fund	9,635	264,600	264,600
Full-time equivalent employees	659.54	656.15	655.15

Fiscal Year 2007 Governor's Recommendations

- \$7,805,444 for increased health care costs.
- \$854,905 for pay plan, including \$558,022 general revenue.
- \$12,959 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- \$4,269,383 reallocated from the Office of the Director.
- \$80,340 reallocated from Information Technology, including \$10,793 general revenue.
- (\$344,349) other funds core reduction from Fiscal Year 2006 appropriation level.
- (\$250,570) transferred to the Office of Administration for statewide consolidated information technology services, including (\$234,307) general revenue.
- (\$23,003) and (one) staff reallocated to the Division of Adult Institutions.
- (\$20,000) transferred to the Department of Mental Health.
- (\$4,304) transferred to the statewide leasing budget.

**DEPARTMENT OF CORRECTIONS
BOARD OF PROBATION AND PAROLE**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Probation and Parole Staff	\$ 62,512,713	\$ 60,608,691	\$ 63,730,533
St. Louis Community Release Center	3,556,637	3,804,848	4,034,966
Kansas City Community Release Center	2,074,592	2,326,675	2,468,387
Community Supervision Centers	0	2,220,329	3,491,818
Community-Based Corrections Programs	8,216,097	6,579,561	5,981,767
TOTAL	\$ 76,360,039	\$ 75,540,104	\$ 79,707,471
General Revenue Fund	74,247,228	70,925,595	74,008,711
Inmate Revolving Fund	2,112,811	4,614,509	5,698,760
Full-time equivalent employees	2,028.13	2,061.88	2,107.88

The Board of Probation and Parole provides a full range of supervision strategies to manage offenders who are on probation and parole. These strategies combine appropriate structure, control, treatment, and intervention to address the risk and needs of offenders in the community. In addition to supervision of offenders, staff provides assessments and investigations for the courts, parole board, and other states. These assessments and investigations assist the judges and parole board in making informed and appropriate decisions on cases before them. Through professional assessment and supervision, the board is able to identify and deliver a continuum of necessary services to address a complex offender population. The board also manages a range of alternatives, including community sentencing, the house arrest program, intensive supervision, and halfway houses.

Fiscal Year 2007 Governor's Recommendations

- \$1,564,513 and 46 staff for Community Supervision Centers.
- \$1,087,115 other funds for Local Sentencing Initiatives.
- \$252,019 for global position tracking for sex offenders.
- \$2,583,391 for pay plan, including \$2,571,055 general revenue.
- \$187,400 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- (\$623,105) transferred to the Department of Mental Health.
- (\$401,275) transferred to the statewide leasing budget.
- (\$389,803) for one time core reduction to Fiscal Year 2006 appropriation levels.
- (\$92,888) transferred to the Office of Administration for statewide consolidated information technology services, including (\$77,688) general revenue.

DEPARTMENT OF MENTAL HEALTH

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Office of the Director	\$ 40,310,345	\$ 46,880,123	\$ 52,638,892	\$ 52,900,456
Information Technology	0	9,566,254	0	0
Division of Alcohol and Drug Abuse	82,209,329	103,314,426	102,848,278	103,076,698
Division of Comprehensive Psychiatric Services	348,400,509	369,592,766	369,673,723	376,445,876
Division of Mental Retardation and Developmental Disabilities	428,738,796	441,809,908	457,491,875	462,398,845
DEPARTMENTAL TOTAL	\$ 899,658,979	\$ 971,163,477 *	\$ 982,652,768	\$ 994,821,875
General Revenue Fund	512,762,733	514,691,270	517,645,728	528,537,608
Federal Funds	350,620,718	420,634,421	428,512,990	429,730,277
Mental Health Intergovernmental Transfer Fund	9,813,563	11,000,000	11,000,000	11,000,000
General Revenue Reimbursements Fund	4,461,024	0	0	0
Compulsive Gamblers Fund	311,857	454,188	454,188	455,636
Health Initiatives Fund	5,648,966	5,831,159	5,841,844	5,850,376
Mental Health Earnings Fund	3,814,420	3,715,800	3,715,800	3,719,536
Inmate Revolving Fund	0	369,648	640,084	640,084
Healthy Families Trust Fund - Health Care Account	2,077,681	2,040,168	2,052,908	2,052,908
Healthy Families Trust Fund - Tobacco Prevention Account	300,000	300,000	300,000	300,000
Mental Health Trust Fund	9,848,017	12,126,823	12,489,226	12,535,450
Full-time equivalent employees	9,737.46	9,122.38	8,838.80	8,829.42

* Does not include \$21,900,025 recommended in the Fiscal Year 2006 Supplemental Appropriations, including \$14,527,682 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Mental Health supplemental appropriation.

DEPARTMENT SUMMARY

Governor Blunt's budget for Fiscal Year 2007 provides \$995 million for the Department of Mental Health (DMH). The primary focus for the department is to provide effective, consumer-friendly services to Missourians challenged by substance abuse, mental disorders, and developmental disabilities. Core services provided by the Department of Mental Health include:

- Offering prevention, evaluation, treatment, and rehabilitation services for individuals requiring public mental health services. One in four Missouri families is affected by mental illness. While many persons with mental illnesses obtain treatment from private providers, more than 70,000 people a year turn to the Division of Comprehensive Psychiatric Services (CPS). The division also operates forensic and sexually violent predator programs that protect the public from clients committed to state custody by the courts.
- Improving the lives of persons with developmental disabilities - individuals who are substantially limited in their ability to function independently. The Division of Mental Retardation and Developmental Disabilities (MRDD) has a commitment to build partnerships that support individuals with developmental disabilities in meeting their own unique needs. This is accomplished through a person-centered planning process designed to provide optimal programs and services, enabling clients to live in the safest, least restrictive setting given their individual needs and capacities.
- Providing substance abuse prevention, education, intervention, and treatment. The Division of Alcohol and Drug Abuse (ADA) strives to have a positive impact on the problems that are associated with addiction - problems that cost the state's economy in lost productivity, health care expenditures, and crime.

DEPARTMENT OF MENTAL HEALTH

OFFICE OF THE DIRECTOR

The Department of Mental Health establishes policies, standards, and quality outcomes for prevention, education, habilitation, rehabilitation, and treatment for Missourians challenged by mental illness, substance abuse/addiction, and developmental disabilities. The department implements policy and programs through three program divisions -- Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation and Developmental Disabilities. Services are provided through an array of community-based programs and outpatient clinics, inpatient hospitals, long-term rehabilitation centers, and habilitation centers. The department operates under the advice of a seven-member Mental Health Commission appointed by the Governor.

The Office of the Director implements the plans and policies of the Mental Health Commission and manages the department. The Office of the Deputy Director includes the Licensure and Certification Unit responsible for monitoring, oversight, and enforcement activities to assure provider compliance with relevant DMH licensure and MRDD Medicaid waiver program certification standards; the Audit Section conducts audits and consultations on DMH operated facilities and private contract agencies; the Office of Clinical Services for Children, Youth and Families supports all three divisions in clinical policy development and clinical consultations; Quality Improvement staff oversees the development of outcome measures and quality improvement activities; and the Deaf Services staff provide direction and assistance in providing necessary services to hearing impaired consumers. The Office of Public Affairs/Legislative Liaison disseminates information to reduce stigma and raise awareness about mental health programs and services and assists the divisions and facilities in such activities. In addition, the Legislative Liaison reviews and analyzes state and federal legislation that pertains to services provided by the department and assists the program and support divisions with policy review and implementation. The Office of General Counsel conducts investigations of abuse and neglect, handles legal opinions and interpretations, provides legal representation for the department, develops rules and department operating regulations, and conducts administrative hearings related to actions taken by the department's administrators. In addition, the Consumers Affairs Unit represents consumers and family viewpoints in decision and policy development. The Budget Office is responsible for developing and monitoring the annual operating and leasing budgets and oversees spending plans. The Office of Administration provides management and fiscal support, including capital improvements, accounting, building maintenance and management, revenue maximization, Medicaid and Medicare and other revenue billings and collections, contracting, purchasing, and general services. In addition, the Human Resources Unit coordinates department-wide personnel, labor relations, and other related functions.

The Office of the Director also administers several department-wide activities. These include refunding overpayments by private payers and insurers, tracking the use of private donations to the department, and administering federal grants.

Fiscal Year 2007 Governor's Recommendations

- \$200,000 federal funds for contracting of neglect and abuse investigations staff.
- \$1 federal funds on an open-ended basis to allow the department to use the state's contracts for maximizing the collection or reimbursement of federal and other funds.
- \$261,564 for pay plan, including \$197,848 general revenue.
- \$6,599,012 and 1.48 staff reallocated from various divisions related to department reorganization, including \$122,644 general revenue.
- (\$731,275) reallocated to Information Technology, including (\$597,865) general revenue.
- (\$308,969) federal funds and (two) staff core reduction from the Fiscal Year 2006 appropriation level.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$3,586,358 and 4.16 staff reallocated from various divisions, including \$3,435,772 general revenue.
- (\$13,058,654) and (151.08) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$10,891,432) general revenue.
- (\$68,758) federal and other funds reallocated to various divisions.
- (\$25,200) core reduction for one-time expenditures.

DEPARTMENT OF MENTAL HEALTH

DIVISION OF ALCOHOL AND DRUG ABUSE

The Division of Alcohol and Drug Abuse has the responsibility of ensuring that treatment and prevention services are accessible to persons with substance abuse and gambling disorders, and those at risk for substance abuse and compulsive gambling. The division achieves these goals through a treatment system of contracted community-based providers and state-operated facilities and contracts for 39 general treatment service programs and 47 Comprehensive Substance Treatment and Rehabilitation programs (CSTAR). The general treatment service programs offer an array of services, including detoxification from drugs and alcohol, outpatient services, and residential support. The CSTAR programs offer comprehensive services through three levels of care based on need and severity of addiction. The division has established 12 CSTAR programs specifically for pregnant women and their children and 14 programs specifically for adolescents. The division's administrative responsibilities include, but are not limited to, fiscal oversight, technical assistance and training, standard setting to ensure quality services, research, public information dissemination, clinical review and service authorization, review and oversight of the division's budget, and program planning and policies for prevention and treatment services. Missouri receives federal funds from the Substance Abuse Prevention and Treatment Block Grant, the Center for Substance Abuse Treatment, the Center for Substance Abuse Prevention, the U.S. Department of Education, and the U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention.

Fiscal Year 2007 Governor's Recommendations

- \$785,040 federal and other funds to establish an alcohol and substance abuse treatment program for adolescents in the City of St. Louis.
- \$488,446 for costs related to increases in Medicaid caseload growth, including \$187,173 general revenue.
- \$270,436 Inmate Revolving Fund for the Treatment Resources Encouraging New Directions, Southeast Missouri Treatment, and the Community Partnership for Restoration programs.
- \$67,791 to address the change in the Medicaid federal participation percentage, including \$36,007 general revenue.
- \$198,859 for pay plan, including \$89,810 general revenue.
- \$29,561 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$21,332 general revenue.
- \$643,105 transferred from the Department of Corrections for the Treatment Resources Encouraging New Directions, Southeast Missouri Treatment, and the Community Partnership for Restoration programs.
- \$40,128 and five staff reallocated from various division related to department reorganization.
- (\$2,603,268) federal and other funds and (one) staff reallocated from various divisions related to department reorganization.
- (\$155,791) federal funds and (four) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$2,035) federal funds transferred to the statewide leasing budget.

DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES

The Division of Comprehensive Psychiatric Services is charged with the delivery of psychiatric services to individuals with mental illness throughout the State of Missouri.

Missouri's mental health system is committed to serving four target populations: persons with serious and persistent mental illness, persons suffering from acute psychiatric conditions, children and youth with serious emotional disturbances, and forensic clients. In addition, CPS has identified four priority groups within the target populations: (1) individuals in crisis, (2) people who are homeless, (3) those recently discharged from inpatient care, and (4) substantial users of public funds. These target populations currently constitute the majority of clientele whom the division serves both in inpatient and ambulatory settings.

The division divides Missouri into 25 service areas. Each service area has a community mental health center which provides psychiatric services to individuals in need and is designated as the division's administrative agent. These administrative agents serve as the primary entry and exit point for state mental health services. The agents are responsible for the assessment and services provided to both adults and children in their assigned areas and for providing follow-up services for individuals released from state-operated inpatient hospitals.

DEPARTMENT OF MENTAL HEALTH

DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES (Continued)

CPS operates eight adult inpatient facilities, one children's psychiatric hospital, and one children's residential center. There are two additional 10-bed children's acute units at two of the adult inpatient facilities. The division also operates and oversees a program for sexually violent predators committed to state custody by the courts.

Facility	Total Staffed Beds	Forensic and Corrections Beds
Fulton State Hospital	464	433
Northwest Missouri Psychiatric Rehabilitation Center	108	86
St. Louis Psychiatric Rehabilitation Center	212	169
Hawthorn Children's Psychiatric Hospital	52	0
Metropolitan St. Louis Psychiatric Center	115	0
Mid-Missouri Mental Health Center	69	0
Southeast Missouri Mental Health Center	178	98
Western Missouri Mental Health Center	169	0
Missouri Sexual Offender Treatment Center	116	0
Southwest Missouri Psychiatric Rehabilitation Center	24	0
Cottonwood Residential Treatment Center	32	0
Total	1,539	786

Fiscal Year 2007 Governor's Recommendations

- \$4,934,733 for costs related to increases in Medicaid caseload growth, including \$1,890,990 general revenue.
- \$2,882,342 federal funds and 17.35 staff to support and sustain comprehensive, integrated mental health systems within "communities of hope" statewide.
- \$1,885,024 and 25.5 staff to accommodate population increases within Fulton State Hospital.
- \$1,651,251 and 48.25 staff to accommodate population increases within the Missouri Sexual Offender Treatment Center.
- \$552,975 to fund a \$15 per day residential rate increase for children's residential care providers.
- \$493,864 federal funds and .4 staff aimed at reducing suicide and suicidal behaviors among Missouri youth.
- \$292,761 to address the change in the Medicaid federal participation percentage.
- \$252,000 federal funds and 10.5 staff due to the accreditation of Cottonwood Residential Treatment Center by the Joint Commission on Accreditation of Healthcare Organizations.
- \$20,339 to pay Medicare Part B premium increases for patients found Not Guilty by Reason of Insanity, pursuant to Chapter 552, RSMo.
- \$5,369,986 for pay plan, including \$5,160,271 general revenue.
- \$1,964,520 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$1,872,592 general revenue.
- (\$6,359,811) and (20.88) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$252,000) general revenue.
- (\$5,570,171) and (4.48) staff reallocated to various divisions related to department reorganization, including (\$1,729,438) general revenue.
- (\$861,855) core reduction for one-time expenditures.
- (\$589,107) transferred to Fringe Benefits.
- (\$65,741) transferred to the statewide leasing budget.

DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The Division of Mental Retardation and Developmental Disabilities operates several facilities and purchases residential, habilitative, and support services for consumers who live in the community and for families who keep their developmentally disabled children at home. This is a key element in the development of an integrated system that will enable mentally retarded and developmentally disabled consumers to live as normally and independently as their conditions and behavior permit. Community-based services range from residential placements to support services for persons living with their families or in their own apartments. The Medicaid home and community-based waivers play a major role in the division's community service system. The 11 regional centers are the entry and exit points for consumers. The centers provide screening and diagnostic services for both children and adults, evaluate the need for services and arrange for them, and monitor and assess consumers' progress.

The division provides residential services at the six state habilitation centers. These centers offer training and habilitation for consumers who cannot move into community settings because of the severity of their disabilities or for behavioral reasons. Those who can make the change are eventually moved into community settings, with the goal of integrating them as fully as possible into normal community life. The following table shows the number of beds in the habilitation centers.

DEPARTMENT OF MENTAL HEALTH**DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES (Continued)**

Facility	Total Staffed Beds (As of July 2005)
Bellefontaine Habilitation Center	300*
Higginsville Habilitation Center	121
Marshall Habilitation Center	256
Nevada Habilitation Center	137
St. Louis Developmental Disabilities Treatment Center	208
Southeast Missouri Residential Services	84
Habilitation Center Clients in Community Settings	156**
Total	1,262

* Census as of November 17, 2005 is 252

** Privatization of 61 beds occurred on September 15, 2005

Fiscal Year 2007 Governor's Recommendations

- \$14,863,561 for costs related to increases in Medicaid caseload growth, including \$5,695,715 general revenue.
- \$851,836 federal funds and three staff to support individuals with developmental disabilities to live within their communities with maximum independence.
- \$617,363 to address the change in the Medicaid federal participation percentage, including \$554,960 general revenue.
- \$4,357,507 for pay plan, including \$3,789,971 general revenue.
- \$549,463 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$527,099 general revenue.
- \$1,786,803 transferred from Fringe Benefits.
- (\$1,252,026) and (5.16) staff reallocated to various divisions related to department reorganization, including (\$1,271,241) general revenue.
- (\$1,027,317) and (220) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$166,100) general revenue.
- (\$158,253) transferred to the statewide leasing budget.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Health Administration	\$ 11,361,768	\$ 19,872,373	\$ 18,254,519	\$ 18,510,691
Information Technology	0	14,683,590	0	0
State Public Health Laboratory	7,452,228	8,627,587	8,117,112	8,252,426
Center for Emergency Response and Terrorism	23,409,038	27,764,616	23,555,180	23,670,207
Division of Community and Public Health	241,432,400	263,795,045	275,289,725	263,439,586
Division of Senior and Disability Services	92,862,671	468,782,752	460,569,311	478,086,779
Division of Regulation and Licensure	1,255,912	2,282,779	29,479,713	30,135,675
Missouri Senior Rx Program	18,038,222	24,482,971	0	0
DEPARTMENTAL TOTAL	\$ 395,812,239	\$ 830,291,713 *	\$ 815,265,560	\$ 822,095,364
General Revenue Fund	69,755,302	214,031,019	225,365,464	226,739,122
Federal Funds	291,842,477	564,482,938	549,945,525	567,989,950
Nursing Facility Quality of Care Fund	1,459,972	3,388,319	2,897,423	2,926,875
Health Initiatives Fund	5,243,306	5,567,194	5,405,881	5,407,534
Health Access Incentive Fund	3,029,318	3,198,282	3,190,582	3,196,608
Division of Aging Elderly Home-Delivered Meals Trust Fund	91,806	430,000	430,000	430,000
Missouri Public Health Services Fund	2,574,504	4,795,752	4,587,106	4,648,855
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	527,352	587,987	582,387	585,017
Healthy Families Trust Fund (HFT)-Health Care Treatment and Access Account	0	0	13,747,675	1,000,000
Department of Health Document Services Fund	580,360	921,409	807,908	820,964
Department of Health - Donated Fund	1,071,713	4,390,350	4,272,800	4,289,114
Missouri Senior RX Fund	18,038,222	24,498,802	0	0
Head Injury Fund	0	852,400	852,400	852,400
Organ Donor Program Fund	256,585	359,282	278,102	281,945
Early Childhood Development, Education and Care Fund	748,634	997,998	973,719	981,216
Missouri Lead Abatement Loan Fund	30,000	276,000	276,000	276,000
Childhood Lead Testing Fund	0	257,680	232,545	237,753
Governor's Council on Physical Fitness Trust Fund	0	0	350,000	350,000
Other Funds	562,688	1,256,301	1,070,043	1,082,011
Full-time equivalent employees	2,002.95	2,080.45	1,967.15	1,953.61

* Does not include \$6,066,354 recommended in the Fiscal Year 2006 Supplemental Appropriations, including \$3,141,985 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Health and Senior Services supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$822 million for the Department of Health and Senior Services. The department works to protect and promote the health of Missourians. The primary responsibilities of the department include:

- Safeguarding the public health, safety, and well-being of all Missourians.
- Providing health services and in-home and community programs for Missouri's disabled and senior populations.
- Preventing and controlling communicable and genetic diseases.
- Preventing and reducing the burden of chronic disease.
- Protecting Missourians through regulation and inspection of facilities, including hospitals, nursing homes and other long-term care facilities, and child and adult day care programs, with an emphasis on timely and complete complaint investigations.
- Attending to the specific needs of Missouri's women and minority populations through education, outreach, and the promotion of treatment programs unique to health care issues of these groups.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

HEALTH ADMINISTRATION

The Director's Office and the Division of Administration perform the coordination and control functions necessary to ensure efficient, cost-effective use of state resources for all Missouri public health and senior services programs. Responsibilities and services include budgeting, legislative review, accounting, expenditure control, purchasing, contract and grant administration, general office support, legal services, strategic planning, and personnel management and training.

Fiscal Year 2007 Governor's Recommendations

- \$21,600 for administrative costs related to new long-term care inspectors, including \$12,312 general revenue.
- \$1,350 Missouri Public Health Services Fund for administrative costs related to new vital records staff.
- \$2 for the Department of Health and Senior Services Disaster Fund on an open ended basis, including \$1 general revenue.
- \$1 federal funds on an open ended basis to allow the expenditure of federal funds for an Avian flu outbreak.
- \$258,197 for pay plan, including \$68,029 general revenue.
- (\$782,978) and (8.93) staff reallocated to various divisions due to the reorganization of the department, including (\$270,813) general revenue.
- (\$748,671) transferred to the statewide leasing budget, including (\$29,947) general revenue.
- (\$56,685) federal and other funds core reduction from the Fiscal Year 2006 appropriation level.
- (\$54,498) core reduction for one-time expenditures.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$3,956,434 and 20.01 staff reallocated from various divisions, including \$586,558 general revenue.
- (\$17,069,360) and (141.85) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$2,522,655) general revenue.
- (\$1,518,196) and (four) staff reallocated to various divisions, including (\$231,610) general revenue.
- (\$52,468) core reduction for one-time expenditures, including (\$12,800) general revenue.

STATE PUBLIC HEALTH LABORATORY

The State Public Health Laboratory analyzes samples from newborns for metabolic conditions, conducts tests of human samples for suspected disease agents, and tests materials suspected in biological and chemical terrorism. Each year nearly one-half million specimens are submitted to the laboratory for testing and examination. The laboratory performs tests for communicable and infectious diseases, including: tuberculosis, HIV, sexually transmitted diseases, rabies, immunizable diseases, and others. The lab also tests public and private water supplies, performs screenings for childhood lead poisoning, and examines milk and food suspected of causing disease outbreaks.

Fiscal Year 2007 Governor's Recommendations

- \$135,314 for pay plan, including \$62,327 general revenue.
- (\$253,947) federal funds and (4.43) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$250,608) and (3.37) reallocated to various divisions due to the reorganization of the department, including (\$76,079) general revenue.
- (\$5,920) other funds core reduction for one-time expenditures.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

CENTER FOR EMERGENCY RESPONSE AND TERRORISM

The Center for Emergency Response and Terrorism is responsible for coordinating regional and state preparedness for public health emergencies and natural disasters, including chemical, biological, radiological, and nuclear terrorism. Through partnerships with local public health agencies, health care organizations, local government agencies, first responders, and other public and private partners, the center works to assure that systems and programs are in place to protect the health of Missourians during a public health emergency.

Fiscal Year 2007 Governor's Recommendations

- \$115,027 federal funds for pay plan.
- (\$3,809,896) federal funds and (1.50) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$399,540) federal funds and (0.19) staff reallocated to Information Technology.

DIVISION OF COMMUNITY AND PUBLIC HEALTH

The Division of Community and Public Health coordinates the department's partnership with 115 local county public health agencies to improve the health of all Missourians and is responsible for collecting, analyzing, and distributing data that identify the current health status, emerging health problems, and the unmet health needs of Missourians. The division issues copies of birth and death certificates, provides services that focus on disease prevention and control, and performs surveillance and epidemiological services for a wide range of communicable and zoonotic diseases and environmental induced conditions. Additionally, the division provides diagnosis and treatment of tuberculosis, HIV/AIDS, and STD's in cooperation with local public health agencies, while also monitoring emerging infectious diseases such as SARS, monkey pox, and West Nile virus. The immunization program is administered by the division, which also assists in the assessment of the health and senior services needs of women in the state through the Office on Women's Health. Finally, the division administers programs for maternal, child, and family health including children with special health care needs, nutritional health, chronic disease prevention, health promotion, head injury rehabilitation, genetic disorders and community health improvement, and encourages nurses, doctors, and dentists to locate in medically underserved areas of the state.

Fiscal Year 2007 Governor's Recommendations

- \$2,405,260 for the AIDS Drugs Assistance Program.
- \$1,000,000 Healthy Family Trust Fund–Tobacco Prevention Account for tobacco prevention and cessation programs.
- \$276,750 Missouri Public Health Services Fund for follow-up of newborns screened positive for cystic fibrosis.
- \$169,512 for the Alternatives to Abortion program.
- \$93,045 Missouri Public Health Services Fund and three staff for the Vital Records program.
- \$892,297 for pay plan, including \$241,539 general revenue.
- \$3,214 federal funds to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- \$350,000 Governor's Council on Physical Fitness Institution Gift Trust Fund transferred from the Office of Administration for the Governor's Council on Physical Fitness.
- (\$3,198,763) federal and other funds and (three) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$2,323,934) and (16.91) staff reallocated to various divisions due to the reorganization of the department, including (\$115,351) general revenue.
- (\$22,360) core reduction for one-time expenditures, including (\$3,255) general revenue.
- (\$480) federal funds transferred to the statewide leasing budget.

DIVISION OF SENIOR AND DISABILITY SERVICES

The Division of Senior and Disability Services is responsible for assuring that a comprehensive, effective, and coordinated home and community-based service delivery system is available for elderly and disabled Missourians. The division investigates allegations of elder abuse, neglect, and financial exploitation; informs individuals considering long-term care about their options; authorizes provider based in-home and consumer directed in-home services; provides case management for in-home service recipients (both Medicaid recipients and Non-Medicaid eligible recipients); monitors in-home service providers; provides customer service to seniors and adults with disabilities; and monitors programs and services provided by the Area Agencies on Aging. The service delivery system helps thousands of elderly and adults with disabilities live dignified, independent lives in their own homes and communities.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

DIVISION OF SENIOR AND DISABILITY SERVICES (Continued)

Fiscal Year 2007 Governor's Recommendations

- \$26,962,120 for a \$1/hour rate increase for in-home and community-based direct care workers, including \$10,851,683 general revenue.
- \$16,062,530 for Medicaid caseload growth of in-home and community-based services and senior meals, including \$6,155,161 general revenue.
- \$7,020,041 to continue supplemental funding for in-home and community-based services, including \$2,690,080 general revenue.
- \$1,092,413 to address the change in the Medicaid federal participation percentage.
- \$1,088,291 to fund cost increases in senior meals, including \$600,000 general revenue.
- \$531,340 for direct services for seniors with Alzheimer's disease, including \$265,670 general revenue.
- \$50,000 for the purpose of acquiring a senior center in every Missouri county.
- \$621,251 for pay plan, including \$280,753 general revenue.
- \$196,610 and four staff transferred from the Office of Administration for the Governor's Council on Disability.
- \$150,000 transferred from the Department of Social Services for the Naturally Occurring Retirement Community program.
- (\$22,963,906) and (510.33) staff reallocated to various divisions due to the reorganization of the department, including (\$9,347,918) general revenue.
- (\$11,465,246) transferred to the Department of Social Services for the Home Health Program and the Program of All Inclusive Care for the Elderly, including (\$4,234,177) general revenue.
- (\$10,034,257) and (11.62) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$7,416,494) general revenue.
- (\$7,160) core reduction for one-time expenditures.

DIVISION OF REGULATION AND LICENSURE

The Division of Regulation and Licensure is responsible for assuring that the care and services provided by hospitals, ambulatory surgical centers, home health agencies, hospices, long-term care facilities, intermediate care facilities (including those for the mentally retarded), skilled nursing facilities, childcare providers, ambulances, paramedics, and those who prescribe or dispense controlled substances meet state and/or federal standards. Many of these providers are Medicare and Medicaid certified, and the division inspects entities based on federal as well as state requirements. In addition to periodic compliance surveys, the division also investigates complaints concerning these entities. The division also helps reduce the risk of disease and illness in Missouri by implementing and assuring good sanitation and safety practices in commercial lodging establishments, on-site sewage systems, industrial sources of radiation, and lead remediators. Finally, the division includes the Missouri Health Facilities Review Committee, which implements the Certificate of Need Program in Missouri. The purpose of the program is health care cost containment through the prevention of unnecessary duplication of health care services. The staff assists the review committee in evaluating proposals to develop or offer new institutional health services.

Fiscal Year 2007 Governor's Recommendations

- \$2,626,032 and 48 staff for long-term care inspections, including \$1,496,839 general revenue.
- \$288,174 Missouri Public Health Services Fund and 5.10 staff for Emergency Medical Services licensure.
- \$794,622 for pay plan, including \$339,560 general revenue.
- \$24,282,728 and 523.72 staff reallocated from various divisions due to the reorganization of the department, including \$9,455,213 general revenue.
- (\$138,660) and (7.54) staff core reduction from the Fiscal Year 2006 appropriation level.

MISSOURI SENIOR Rx PROGRAM

Pursuant to SB 539 (2005), this program is transitioning to the Missouri Rx Plan administered by the Department of Social Services.

Fiscal Year 2007 Governor's Recommendations

- (\$24,482,971) Missouri Senior Rx Fund and (17) staff transferred to the Department of Social Services.

DEPARTMENT OF SOCIAL SERVICES

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Office of the Director	\$ 61,544,686	\$ 37,591,302	\$ 34,889,267	\$ 35,317,116
Information Technology	0	40,273,260	0	0
Family Support Division	477,696,448	486,369,560	485,431,886	490,445,341
Children's Division	504,577,646	534,243,118	541,367,199	549,857,904
Division of Youth Services	57,351,927	58,298,536	58,249,688	59,993,438
Division of Medical Services	5,215,728,801	4,784,347,295	5,124,920,830	5,161,524,604
DEPARTMENTAL TOTAL	\$ 6,316,899,508	\$ 5,941,123,071 *	\$ 6,244,858,870	\$ 6,297,138,403
General Revenue Fund	1,440,510,824	1,251,364,386	1,436,998,301	1,465,735,145
Title XIX - Federal and Other Funds	2,661,769,091	2,585,830,107	2,817,742,971	2,808,611,500
Temporary Assistance for Needy Families - Federal Funds	154,111,569	158,283,204	155,860,030	155,860,031
DSS - Federal and Other Funds	551,686,350	586,441,265	555,056,834	587,152,089
Uncompensated Care Fund	91,000,000	91,000,001	91,000,001	91,000,001
Pharmacy Rebates Fund	96,551,369	88,412,173	37,505,391	37,506,075
Third Party Liability Collections Fund	8,873,166	24,004,954	24,059,260	24,092,124
Intergovernmental Transfer Fund	75,857,069	0	0	0
Federal Reimbursement Allowance Fund	792,794,139	652,035,812	652,035,812	652,039,148
Pharmacy Reimbursement Allowance Fund	62,301,129	42,251,916	24,288,639	24,289,549
Medicaid Managed Care Organization Reimbursement Allowance Fund	0	52,600,000	48,989,634	48,989,634
Division of Family Services Donations Fund	100,746	134,000	133,994	133,994
Child Support Enforcement Collections Fund	12,647,293	14,384,275	10,876,832	11,200,005
Nursing Facility Federal Reimbursement Allowance Fund	236,353,698	218,253,622	218,253,564	218,253,564
Nursing Facility Quality of Care Fund	82,985	83,254	83,254	86,171
Health Initiatives Fund	19,641,990	20,858,163	21,463,959	21,512,378
Gaming Commission Fund	446,251	500,000	500,000	500,000
DSS Administrative Trust Fund	4,242,987	6,190,002	5,753,913	5,755,755
DSS Educational Improvement Fund	5,591,621	5,592,576	5,592,576	5,695,606
Blind Pension Fund	23,202,154	25,565,932	26,844,849	26,878,490
Healthy Families Trust Fund-Health Care Treatment and Access Account	50,959,100	50,959,100	50,959,100	50,959,100
Youth Services Products Fund	0	25,000	25,000	25,000
Missouri Rx Plan Fund	0	30,000,001	24,482,972	24,509,456
Youth Services Treatment Fund	0	1,000	999	999
Early Childhood Development, Education and Care Fund	14,196,038	14,514,388	14,513,045	14,514,649
Premium Fund	3,742,573	9,837,940	9,837,940	9,837,940
Alternative Care Trust Fund	10,237,366	12,000,000	12,000,000	12,000,000
Full-time equivalent employees	8,649.65	8,524.11	8,277.08	8,281.08

* Does not include \$153,426,937 in Fiscal Year 2006 Supplemental Appropriations, including \$38,723,596 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Social Services supplemental appropriations.

DEPARTMENT OF SOCIAL SERVICES

DEPARTMENT SUMMARY

Governor Blunt's budget for Fiscal Year 2007 provides a total of \$6.3 billion for the Department of Social Services. Each day half of all Missouri residents receive services from the Department of Social Services. The core functions provided by the Department of Social Services include:

Children's Division

The Children's Division is dedicated to protecting the welfare of Missouri's children. The division's programs include: foster care, child abuse and neglect investigations, children's treatment, purchase of child care, and adoption assistance.

Income Maintenance

The Family Support Division is responsible for all income support programs and many of the state's child support enforcement functions. The programs administered by the division include: Temporary Assistance for Needy Families, Food Stamps, Energy Assistance, Blind Pension, Supplemental Aid to the Blind, Domestic Violence, and Medicaid eligibility.

Youth Services

The Division of Youth Services provides case management, community care, and aftercare to youth committed to the state's custody for various crimes. The Juvenile Court Diversion Program works with local communities to help prevent juvenile crime and provide treatment for youth in their own communities.

Medicaid Programs

The Division of Medical Services is responsible for the delivery of health care to 900,000 of Missouri's neediest citizens, including the elderly, the disabled, children, and pregnant women. The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort begun in 1965 to meet the health care needs of those who cannot pay for their own care. The program staff oversees the operation of the Medicaid, SCHIP (State Children's Health Insurance Program), and State Medical programs. The health care services include hospital, physician, pharmacy, skilled nursing home care, home health care, mental health, and managed care. While states must meet certain minimum criteria, each state can establish eligibility guidelines, benefit packages, and provider payment rates for their state Medicaid Program. For Fiscal Year 2007, the Missouri Medicaid Program totals just over \$6 billion.

**DEPARTMENT OF SOCIAL SERVICES
DEPARTMENTAL ADMINISTRATION**

OFFICE OF THE DIRECTOR

Departmental Administration includes the director, the director's staff, and the Human Resource Center (HRC). The director sets policy for the department, forges public/private partnerships to help meet department goals, and ensures implementation of its mandates. The HRC plans, develops, and implements statewide human resource programs, giving direction and coordination to all divisions in the Department of Social Services.

The Division of Budget and Finance (DBF) provides centralized financial support to all Department of Social Services divisions. Functions include auditing, budgeting, expenditure review and control, federal grants management and reporting, implementation of the department's fiscal policies, and responding to changes in federal and state fiscal policy. In addition, staff responsible for the department's research and data management functions are included in the DBF.

The Division of General Services (DGS) provides a variety of services that support the operations of the department, including operating the department's centralized mailing center that processes over 22 million pieces of mail annually, working with telecommunications systems, providing necessary minor office renovations, and coordinating the inventory and distribution of office equipment and furniture. DGS also provides administrative coverage and building maintenance functions for the Prince Hall Family Support Center.

The Division of Legal Services (DLS) provides comprehensive legal support to all program and support divisions in the department. DLS responsibilities include due process hearings for recipient appeals, legal advice and representation for children in the custody of the Children's Division, investigating fraud and abuse of public assistance programs, and conducting background investigations on department employees prior to employment. The division also includes the State Technical Assistance Team (STAT) responsible for assisting in the investigation of child abuse and neglect, child exploitation, and child fatality cases. In addition, the STAT manages Missouri's Child Fatality Review Program. DLS also coordinates the department's compliance with the federal Health Insurance Portability and Accountability Act (HIPAA) by employing a privacy officer to oversee that HIPAA standards are implemented appropriately.

Fiscal Year 2007 Governor's Recommendations

- \$427,849 for pay plan, including \$302,218 general revenue.
- (\$1,420,906) federal funds and (one) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$1,222,700) reallocated to various divisions, including (\$1,005,890) general revenue.
- (\$58,429) transferred to the statewide leasing budget, including (\$37,171) general revenue.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$412,997 reallocated from various divisions, including \$284,314 general revenue.
- (\$38,552,408) and (210.03) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$5,281,521) general revenue.
- (\$1,843,278) other funds core reduction from the Fiscal Year 2006 appropriation level.
- (\$232,405) and (two) staff reallocated to various divisions, including (\$28,892) general revenue.
- (\$58,166) transferred to the statewide leasing budget, including (\$37,004) general revenue.

DEPARTMENT OF SOCIAL SERVICES

FAMILY SUPPORT DIVISION

ADMINISTRATIVE SERVICES AND INCOME MAINTENANCE

Administrative Services – Management, coordination, and general direction are provided to all Family Support Division programs. The division director and staff monitor the efficiency and effectiveness of and provide policy direction for Income Maintenance and Child Support programs. Administrative Services also provides financial management and operational services, human resource support, and systems support to Income Maintenance and Child Support Enforcement field staff.

Income Maintenance - Staff provides intake services, information and referral, and eligibility determinations for applicants of financial services provided by the department. Funds in these sections support the salaries, general operating expenses, and training for Income Maintenance caseworkers, administrative and supervisory staff, and clerical support positions in Family Support offices.

Temporary Assistance for Needy Families (TANF) – TANF is a program designed to provide temporary assistance/relief to families to promote self-sufficiency so parents do not remain dependent on welfare payments and children do not grow up in poverty. Under federal welfare reform, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment; thereby, enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

Adult Supplementation – The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

Supplemental Nursing Care – This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

Blind Pension and Supplemental Aid to the Blind – Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind that do not qualify for Supplemental Aid to the Blind and who do not own property – excluding homes – worth more than \$20,000. Currently both programs provide a maximum monthly grant of \$489 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guideline also may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the Blind Pension Fund.

Community Services Block Grant (CSBG), Emergency Shelter Grants, Homeless Funding, and Refugee Assistance – CSBG funds are used to address six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Food Distribution – The federally funded Food Distribution Program enables Family Support to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Energy Assistance – The Low-Income Home Energy Assistance Program is a federally funded block grant which provides heating assistance payments and winter and summer crisis assistance to low-income households.

Domestic Violence – This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

Fiscal Year 2007 Governor's Recommendations

- \$1,370,913 other funds to increase the monthly benefit payment to blind pension recipients from \$510 to \$541 per month.
- \$342,766 cost-to-continue the Fiscal Year 2006 supplemental appropriation for the Supplemental Nursing Care Program caseload growth.
- \$200,000 for youth mentoring, including \$100,000 general revenue.

DEPARTMENT OF SOCIAL SERVICES

ADMINISTRATIVE SERVICES AND INCOME MAINTENANCE (Continued)

- \$175,585 federal funds for the Food Distribution Program.
- \$100,000 for Medicaid fraud investigation services, including \$50,000 general revenue.
- \$3,582,177 for pay plan, including \$2,151,841 general revenue.
- \$380,472 reallocated from various divisions.
- (\$4,261,922) and (10) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$49,517) general revenue.
- (\$1,272,739) transferred to the statewide leasing budget, including (\$999,633) general revenue.
- (\$59,028) and (two) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$37,866) general revenue.
- (\$10,900) federal and other funds reallocated to various divisions.

SERVICES FOR THE BLIND

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arrange for the purchase of other services, and help the visually impaired find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

Fiscal Year 2007 Governor's Recommendations

- \$147,490 for pay plan, including \$33,108 general revenue.
- \$24,574 federal and other funds and one staff reallocated from various divisions.

CHILD SUPPORT ENFORCEMENT AND DISTRIBUTIONS

Child Support Enforcement staff, with the assistance of the Missouri Automated Child Support System (MACSS), locate missing parents; establish paternity, medical support, and financial child support obligations; and enforce the collection of support payments for TANF and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases.

Local Agreements – This funding supports contractual agreements with local governments to assist the division with paternity and other types of child support referrals through the establishment of multi-county, full-service centers. Counties pool resources to establish service centers dedicated to child support work.

Reimbursement to Counties – This program provides reimbursement to counties that have signed a cooperative agreement with the Department of Social Services. Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent. Incentive payments to the counties are used as state match to earn the federal dollars.

Federal Reimbursement/Local Incentives – This appropriation provides a mechanism to disburse payments to families when the payment was collected by the department and to refund some overpayments from income tax returns.

State Tax Refund Distribution – This appropriation provides a mechanism for reimbursing non-custodial parents for child support payments over-collected from state tax returns.

Fiscal Year 2007 Governor's Recommendations

- \$2,552,873 for a contracted child support enforcement customer services call center, including \$867,977 general revenue.
- \$1,113,305 for pay plan, including \$167,163 general revenue.
- (\$298,583) federal funds transferred to the statewide leasing budget.
- (\$11,202) federal and other funds reallocated to various divisions.
- (40) staff core reduction from the Fiscal Year 2006 appropriation level.

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Family Support Administration	\$ 25,541,395	\$ 26,823,630	\$ 27,031,786
Income Maintenance Field Staff and Operations	89,311,665	87,824,731	89,982,261
Income Maintenance Staff Training	640,775	537,603	536,515
Community Partnerships	8,306,608	8,295,701	8,299,077
Missouri Mentoring Partnership	1,379,981	1,284,987	1,284,987
Kids Mentoring	0	0	200,000
Family Nutrition Program	4,998,355	5,294,560	5,294,560
Temporary Assistance for Needy Families (TANF)	134,162,019	138,352,450	138,352,450
Grandparent Foster Care	759,802	0	0
Adult Supplementation	135,931	145,000	125,000
Supplemental Nursing Care	25,601,241	25,464,815	25,807,581
Supplemental Security Income	731,179	4,000,000	100,000
Blind Pension	20,684,439	22,901,889	24,272,802
Refugee Assistance	3,605,446	3,808,853	3,808,853
Community Services Block Grant	17,140,839	19,144,171	19,144,171
Homeless Challenge Grant	499,862	500,000	500,000
Emergency Shelter Grants	1,319,812	1,340,000	1,340,000
Food Distribution Programs	1,000,000	1,000,000	1,175,585
Energy Assistance	46,697,445	40,799,995	40,810,081
Domestic Violence	5,665,330	5,987,653	5,987,653
Blind Administration	4,185,331	4,585,546	4,759,500
Services for the Visually Impaired	6,725,621	6,734,646	6,732,756
Child Support Field Staff and Operations	30,993,658	33,920,330	37,276,723
Child Support Distributions	47,609,714	47,623,000	47,623,000
TOTAL	\$ 477,696,448	\$ 486,369,560	\$ 490,445,341
General Revenue Fund	83,524,375	78,808,624	81,814,935
DSS - Federal Funds	359,739,043	370,495,997	369,879,190
Other Funds	34,433,030	37,064,939	38,751,216

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION

The Children's Division Administrative Services provides management, coordination, and general direction for all Children's Division programs. The division director and staff monitor the effectiveness of programs that promote permanency for Missouri's children. Administrative Services provides policy direction, financial management and operational services, and human resource support to field staff.

Purchase of Child Care – A key to successful welfare reform and the prevention of abuse and neglect is access to quality, affordable child care. Without child care assistance, many parents could not participate in job training, education, or maintain employment in order to become self-sufficient and end their dependence on government assistance. Without such assistance, the risk of children being left in unsafe environments also increases. The Early Childhood Development, Education and Care Fund supports programs to improve the availability of, and access to, quality child care and programs that prepare children to enter school ready to succeed. Because children learn more from the ages of zero to five than during any other developmental period, the availability of quality child care is essential to preparing children for school.

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services – This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, child care, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, in-home services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, Adoption Subsidy, and Subsidized Guardianship – The Foster Care Program provides monthly room and board payments for children in the custody and care of the Children's Division. Current payment rates for homes of traditional foster parents, relatives, and kinship for age groups are as follows: 0-5 years, \$227; 6-12 years, \$277; and 13 and over, \$307. There are special placements with different rates, including Behavioral or Medical Foster Care (\$657 per month) and Career Foster Care (\$47 per day). Homes may also receive an additional \$100 per month, per child, for attending professional parenting classes. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child.

The Adoption Subsidy Program and Subsidized Guardianship Program provide financial assistance to parents who adopt special needs children.

Children's Programs Pool – In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a Children's Programs Pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas and residential treatment.

Residential Treatment, Independent Living, and IV-E Court Contracts – Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large, self-contained, resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. Court Contracts through the IV-E Program allow the Children's Division to pass through federal funds to be used for reimbursement to juvenile courts for children in the court's custody placed in juvenile court residential facilities.

Psychiatric Diversion – This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

Fiscal Year 2007 Governor's Recommendations

- \$6,850,585 cost-to-continue for the Fiscal Year 2006 supplemental funding for the adoption and guardianship subsidy.
- \$5,866,413 for a \$10 per day rate increase to residential treatment services providers, including \$2,309,074 general revenue.
- \$137,984 for fraud and abuse detection initiatives and compliance reviews of child welfare and child care providers.
- \$2,902,412 for pay plan, including \$1,878,217 general revenue.
- \$3,543 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$1,348 general revenue.
- \$741,702 reallocated from various divisions.
- (\$850,285) transferred to the statewide leasing budget, including (\$540,930) general revenue.
- (\$26,292) and (one) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$17,098) general revenue.
- (\$11,276) federal funds reallocated to various divisions.

**DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Children's Administration	\$ 6,754,316	\$ 6,846,238	\$ 7,097,593
Children's Field Staff and Operations	67,861,739	68,160,704	70,752,126
Child Welfare Accreditation	5,311,492	6,058,160	6,090,771
Children's Staff Training	1,509,394	1,545,691	1,545,691
Children's Treatment Services	13,465,237	12,242,238	13,442,238
Foster Care	40,133,405	34,435,686	34,435,686
Adoption and Subsidized Guardianship	60,408,376	65,498,629	72,349,214
Independent Living	3,015,411	3,000,000	3,000,000
Transitional Living	2,064,018	2,064,018	2,064,018
Children's Programs Pool	25,912,724	18,944,251	18,944,251
Child Assessment Centers	1,838,276	1,898,952	1,898,952
Residential Treatment Centers	71,119,850	73,872,797	79,739,210
Performance Based Case Management Contracts	0	18,900,000	17,700,000
Psychiatric Diversion	15,980,865	16,037,734	16,037,734
IV-E Court Contracts	145,842	700,000	700,000
Child Abuse and Neglect Grant	513,667	188,316	188,316
Foster Care Children's Account	10,237,366	12,000,000	12,000,000
Purchase of Child Care	178,305,668	191,849,704	191,872,104
TOTAL	\$ 504,577,646	\$ 534,243,118	\$ 549,857,904
General Revenue Fund	220,853,490	234,518,076	245,878,958
Federal Funds	259,203,205	272,958,192	277,208,019
Other Funds	24,520,951	26,766,850	26,770,927

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF YOUTH SERVICES

The Division of Youth Services (DYS) is divided into three functional areas: Management and Development, Residential Services, and Alternative Services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational Services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has seven secure facilities: Northwest Regional Youth Center in Jackson County, Hogan Street Youth Center in St. Louis City, Fulton Treatment Center in Callaway County, Mount Vernon Treatment Center in Lawrence County, Hillsboro Treatment Center in Jefferson County, Riverbend Treatment Center in Buchanan County, and Montgomery City Youth Treatment Center in Montgomery County. The division also operates 18 moderately secure facilities and seven community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Community care involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their home. Day treatment programs provide education and treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

Fiscal Year 2007 Governor's Recommendations

- \$85,000 federal funds to provide educational services to delinquent youth.
- \$1,683,138 for pay plan, including \$1,462,121 general revenue.
- \$60,612 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$46,368 general revenue.
- \$151,916 federal and other funds and one staff reallocated from various divisions.
- (\$162,745) transferred to the statewide leasing budget, including (\$103,534) general revenue.
- (\$123,019) reallocated to various divisions.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administrative Services	\$ 48,008,795	\$ 53,110,331	\$ 60,630,337
Medicaid Vendor Payments and Managed Care	5,130,525,158	4,704,708,819	5,024,519,114
State Medical	37,194,848	26,528,145	26,375,153
Health Care Technology	0	0	50,000,000
TOTAL	\$ 5,215,728,801	\$ 4,784,347,295	\$ 5,161,524,604
General Revenue Fund	1,084,722,985	884,584,407	1,089,109,983
Title XIX -Federal and Other Funds	2,661,769,091	2,585,830,107	2,808,611,500
DSS - Federal and Other Funds	32,556,286	35,749,968	62,633,462
Uncompensated Care Fund	91,000,000	91,000,001	91,000,001
Pharmacy Rebates Fund	96,551,369	88,412,173	37,506,075
Third Party Liability Collections Fund	8,306,797	22,832,303	23,157,822
Intergovernmental Transfer Fund	75,857,069	0	0
Federal Reimbursement Allowance Fund	792,794,139	652,035,640	652,039,148
Pharmacy Reimbursement Allowance Fund	62,301,129	42,251,916	24,289,549
Medicaid Managed Care Organization Reimbursement Allowance Fund	0	52,600,000	48,989,634
Nursing Facility Federal Reimbursement Allowance Fund	236,353,698	218,253,622	218,253,564
Nursing Facility Quality of Care Fund	82,985	83,254	86,171
Health Initiatives Fund	18,731,580	19,916,863	20,541,199
Healthy Families Trust Fund-Health Care Treatment and Access Account	50,959,100	50,959,100	50,959,100
Missouri Rx Plan Fund	0	30,000,001	24,509,456
Premium Fund	3,742,573	9,837,940	9,837,940

ADMINISTRATIVE SERVICES

Medical Services staff oversees the operation of the Medicaid, SCHIP, and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, third party liability collections, and other management initiatives.

Fiscal Year 2007 Governor's Recommendations

- \$50,000,000 to establish funding for health care technology projects and initiatives to improve the delivery of care; reduce administrative burdens; and reduce waste, fraud, and abuse, including a transfer of \$25,000,000 general revenue.
- \$1,750,000 to fund information systems consultant services for the Medicaid Management Information System (MMIS), including \$175,000 general revenue.
- \$400,733 and four staff to support the Missouri Rx Advisory Commission.
- \$184,561 federal funds for Missouri Rx Plan.
- \$377,883 for pay plan, including \$143,442 general revenue.
- \$26,182 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications, including \$9,279 general revenue.
- \$4,880,806 other funds and 17 staff transferred from the Department of Health and Senior Services Senior Rx Program to the Missouri Rx Plan.
- (\$100,159) reallocated to various divisions, including (\$48,515) general revenue.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

MEDICAID VENDOR PAYMENTS AND MANAGED CARE

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital; physician; Early and Periodic Screening, Diagnostic and Treatment (EPSDT); lab and x-ray; skilled nursing home care; home health care; Federally Qualified Health Centers; rural health clinics; non-emergency transportation; and family planning services.

The 1115 Waiver is a federal-state effort to pay for women's health services and for the health care of uninsured children above existing Medicaid eligibility limits up to 300 percent of poverty. Children will receive a benefit package equal to Medicaid coverage without non-emergency medical transportation.

The State Medical Program allows individuals who do not meet categorical eligibility criteria for Title XIX to receive nearly all of the same services which are reimbursed for Title XIX eligibles, including non-institutional, nursing facility, and hospital care. These individuals include Child Welfare Services, Blind Pension, Presumptive Eligibility for Pregnant Women recipients, and youth in the custody of the Division of Youth Services.

**MEDICAID EXPENDITURES
SELECTED SERVICES AND ANNUAL TOTALS**

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Missouri Rx Plan	\$ 0	\$ 1	\$ 19,602,166
Pharmacy	1,157,794,225	884,857,972	661,829,915
Pharmacy-Medicare Part D-Clawback	0	316,865,339	656,454,164
Physicians	359,519,363	378,932,890	410,437,049
Dental	33,190,515	10,209,285	9,166,848
Home and Community Based Services	282,341,385	0	0
Nursing Facilities and Home Health	465,032,183	434,712,159	479,940,815
Rehabilitation and Specialty Services	160,242,350	142,207,523	163,395,803
Managed Care	817,900,554	890,532,310	911,897,488
Hospital Care	617,402,842	653,048,700	689,028,806
Safety Net Hospitals	5,337,913	23,000,000	23,000,000
FRA, NFFRA, and UCC	837,370,911	627,000,000	627,000,000
Children's Health Insurance Program	111,534,750	137,716,363	146,274,262
Department of Elementary and Secondary Education Services	0	33,369,908	33,369,908
Medicaid Supplemental Pool	175,770,779	35,698,085	35,698,085
Other Medicaid	107,087,388	136,558,284	157,423,805
Total	\$ 5,130,525,158	\$ 4,704,708,819	\$ 5,024,519,114

Fiscal Year 2007 Governor's Recommendations

- \$164,506,329 for additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures, including \$62,415,403 general revenue.
- \$93,108,986 for anticipated caseload increases in Medicaid programs, including \$35,679,364 general revenue.
- \$80,489,888 to apply a 14 percent pharmacy trend factor and an 8 percent non-pharmacy trend factor for both utilization and cost component increases for managed care in the eastern, central, and western regions, including \$29,530,554 general revenue.
- \$79,394,649 to address the anticipated increases in the Pharmacy Program due to new drugs, therapies, and inflation, including \$30,301,505 general revenue.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)

- \$44,155,127 to fund drugs through the Medicaid program that are excluded from coverage under the Medicare Modernization Act – Part D, including \$16,920,245 general revenue.
- \$21,609,703 to replace Pharmacy Rebate and Pharmacy Federal Reimbursement Allowance funds that will be lost due to dual eligibles receiving pharmacy benefits under the Medicare Modernization Act – Part D.
- \$20,552,789 for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, including \$7,875,829 general revenue.
- \$15,357,915 for anticipated increases in Medicare Part A and B premiums, including \$5,885,874 general revenue.
- \$10,438,854 for an adjustment to address the change in the Medicaid federal participation percentage, including \$7,683,857 general revenue.
- \$700,000 to increase funding for Federally Qualified Health Center grants to expand health care access.
- \$309,083 for anticipated increases to Medicare hospice rates, including \$118,441 general revenue.
- \$300,000 other funds to reflect additional Third Party Liability funds generated through TEFRA Lien enforcement.
- \$200,172 other funds reallocated to various divisions.
- \$119,152 for a \$1 per hour rate increase for in-home direct care workers, including \$45,659 general revenue.
- \$19,602,165 other funds transferred from the Senior Rx Program to the Missouri Rx Plan to support the state pharmaceutical assistance program.
- \$11,465,246 transferred from the Department of Health and Senior Services for the Home Health and PACE programs, including \$4,234,177 general revenue.
- (\$133,315,753) core reduction from the Fiscal Year 2006 appropriation level, including (\$43,962,677) general revenue.
- (\$58,526,466) other funds core reduction due to a decrease in pharmacy rebates and pharmacy tax earnings resulting from the shift of dual eligibles to prescription drug coverage under the Medicare Modernization Act – Part D.
- (\$30,000,000) other funds core reduction to remove empty authority from the Missouri Rx Plan Fund.
- (\$20,307,372) federal and other funds core reduction due to a decrease in the enhanced dispensing fee resulting from the Medicare Modernization Act – Part D.
- (\$200,172) reallocated to various divisions.
- (\$150,000) transferred to the Department of Health and Senior Services for Naturally Occurring Retirement Communities (NORC).

STATE MEDICAL

Fiscal Year 2007 Governor's Recommendations

- \$712,958 to address the rising costs in the Pharmacy Program due to new drugs, therapies, and inflation.
- (\$865,950) core reduction from the Fiscal Year 2006 appropriation level, including (\$555,083) general revenue.

ELECTED OFFICIALS

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
Office of the Chief Executive	\$ 2,140,856	\$ 1,999,179	\$ 2,060,752
Lieutenant Governor	389,233	413,793	424,734
Secretary of State	33,530,753	107,669,522	72,757,682
State Auditor	6,879,990	7,932,990	8,208,478
State Treasurer	26,571,135	19,724,608	19,838,374
Attorney General	21,518,242	24,502,522	26,748,551
TOTAL	\$ 91,030,209	\$ 162,242,614	* \$ 130,038,571
General Revenue Fund	44,503,179	42,922,819	45,924,199
Federal Funds	4,970,009	8,772,720	9,078,053
National Endowment for the Humanities Fund	0	66,172	228,060
Election Administration Improvement Fund	10,202,366	65,836,002	28,478,795
Election Improvement Revolving Loan Fund	232,185	396,185	396,185
State Treasurer's General Operations Fund	0	1,529,855	1,729,744
Treasurer's Information Fund	411,323	114,691	8,000
Secretary of State's Technology Trust Fund Account	2,240,112	3,003,401	3,006,637
Gaming Commission Fund	130,002	129,794	133,756
Central Check Mailing Service Revolving Fund	118,915	245,826	246,659
Natural Resources Protection Fund - Water			
Pollution Permit Fee Subaccount	37,900	37,899	39,226
Solid Waste Management Fund	38,399	38,399	39,726
Local Records Preservation Fund	1,427,821	1,714,490	1,867,080
Petroleum Storage Tank Insurance Fund	22,757	22,757	23,667
Motor Vehicle Commission Fund	37,182	45,892	47,276
Health Spa Regulatory Fund	5,000	5,000	5,000
Natural Resources Protection Fund - Air			
Pollution Permit Fee Subaccount	37,875	37,875	39,201
Attorney General's Court Costs Fund	187,000	187,000	187,000
Conservation Commission Fund	35,942	41,620	43,180
Parks Sales Tax Fund	18,744	19,483	20,262
Soil and Water Sales Tax Fund	32,066	32,109	33,302
Merchandising Practices Revolving Fund	1,547,732	2,517,552	2,526,725
Petition Audit Revolving Trust Fund	156,316	768,231	797,696
Workers' Compensation Fund	361,596	445,119	452,944
Second Injury Fund	2,644,475	2,716,933	2,782,791
Lottery Enterprise Fund	50,079	50,081	52,084
Attorney General's Antitrust Trust Fund	0	50	0
Hazardous Waste Fund	37,875	37,875	282,200
Safe Drinking Water Fund	13,344	13,344	13,787
Missouri Office of Prosecution Services Fund	214,818	404,638	1,484,677
Hazardous Waste Remedial Fund	234,044	234,043	0
Investors Restitution Fund	3,000	55,000	55,000
Attorney General Trust Fund	759,679	1	1
Inmate Incarceration Reimbursement Act Revolving Fund	26,179	74,620	76,553
Secretary of State's Investor Education Fund	184,441	399,022	587,688
State Document Preservation Fund	550	0	361,858
Missouri Office of Prosecution Services Revolving Fund	82,522	150,000	150,000
Abandoned Fund Account	20,011,465	16,793,080	16,811,300
Mined Land Reclamation Fund	13,317	13,317	13,759
Missouri State Archives - St. Louis Trust Fund	0	12,355,219	12,000,000
Secretary of State - Wolfner Library Fund	0	14,500	14,500

* Does not include \$252,557 recommended in the Fiscal Year 2006 Supplemental Appropriation, including \$207,320 general revenue. See the Supplemental section of the Missouri Budget for details regarding Elected Officials supplemental appropriations.

OFFICE OF THE CHIEF EXECUTIVE

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
Governor's Office and Mansion	\$ 1,881,654	\$ 1,969,177	\$ 2,030,750
National Guard Emergency	116,252	1	1
Association Dues	142,950	0	0
Special Audits	0	30,000	30,000
Governmental Emergency Fund	0	1	1
TOTAL			
General Revenue Fund	\$ 2,140,856	\$ 1,999,179	\$ 2,060,752

Full-time equivalent employees	33.96	34.00	34.00
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GOVERNOR'S OFFICE AND MANSION

Article IV, Section 1 of the Missouri Constitution describes the duties and responsibilities of the Governor. This program includes the statutory salary of the Governor, funds for personnel in the Governor's offices and the mansion, and the expense and equipment costs for the offices and mansion.

Fiscal Year 2007 Governor's Recommendations

- \$61,573 for pay plan.

NATIONAL GUARD EMERGENCY/HOMELAND SECURITY

The Missouri National Guard, when called to active duty by the Governor under Section 41.480, RSMo, has the authority to restore law and order and assist in the disaster relief of any section of the state where circumstances exceed the resources of local civil authorities. The most common use of the guard has been for cleanup and security following natural disasters, such as a flood or tornado, and public action during a time of local disorder.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

SPECIAL AUDITS

Section 26.060, RSMo, authorizes the Governor to call for special audits of any entity receiving state funds when the public interest of the state will be served.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

GOVERNMENTAL EMERGENCY FUND COMMITTEE

Sections 33.700 through 33.730, RSMo, creates the Governmental Emergency Fund Committee and allocation procedures for appropriations of emergency funds. Funds from this appropriation may be allocated by a majority vote of the Governmental Emergency Fund Committee members for the purpose of meeting emergency and unanticipated requirements. The committee consists of the Governor, Commissioner of Administration, the chair and ranking minority member of the Senate Appropriations Committee, the chair and ranking minority member of the House Appropriations Committee, and the director of the Division of Facilities Management, Design and Construction who serves as an ex-officio consultant to the committee.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

LIEUTENANT GOVERNOR

Article IV, Section 10 of the Missouri Constitution describes the duties and responsibilities of the Lieutenant Governor. The statutory salary of the Lieutenant Governor and funds for the personnel and expense and equipment costs in operating the Office of the Lieutenant Governor are included in this program. The Lieutenant Governor presides over the Senate, is the Chair of the Missouri Rx Program, the Co-Chair of the Personal Independence Commission, and the Secretary of the Board of Public Buildings and serves on the Missouri Development Finance Board, the Missouri Housing Development Commission, and the Second State Capitol Commission.

Proposition C, passed by voters in November 1992, established the Office of Advocacy and Assistance for the Elderly in the Lieutenant Governor's Office. The proposition also made the Lieutenant Governor a member of the Tourism, Economic Development, and Fund Commissioners boards and an advisor for educational programs.

Fiscal Year 2007 Governor's Recommendations

- \$10,941 for pay plan.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
Personal Service	\$ 331,258	\$ 350,918	\$ 361,659
Expense and Equipment	57,975	62,875	63,075
TOTAL			
General Revenue Fund	\$ 389,233	\$ 413,793	\$ 424,734
Full-time equivalent employees	7.40	8.50	8.50

SECRETARY OF STATE

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
Administration	\$ 13,355,683	\$ 15,238,105	\$ 15,591,945
Elections	11,106,674	70,687,582	34,830,375
Record Preservation Programs	390,369	12,863,391	13,004,918
Missouri Library Programs	8,678,027	8,880,444	9,330,444
TOTAL	\$ 33,530,753	\$ 107,669,522	\$ 72,757,682
PERSONAL SERVICE			
General Revenue Fund	6,711,726	6,849,719	7,119,841
Federal Funds	416,678	530,492	551,712
National Endowment for the Humanities Fund	0	0	228,060
Secretary of State's Technology Trust Fund Account	71,214	80,905	84,141
Local Records Preservation Fund	890,705	916,763	953,431
Missouri State Archives - St. Louis Trust Fund	0	171,704	0
Secretary of State's Investor Education Fund	96,719	228,158	377,324
State Document Preservation Fund	550	0	172,598
EXPENSE AND EQUIPMENT			
General Revenue Fund	6,044,023	2,966,301	7,013,007
Federal Funds	658,599	827,574	830,487
National Endowment for the Humanities Fund	0	66,172	0
Election Administration Improvement Fund	4,349,740	3,749,990	3,749,990
Secretary of State's Technology Trust Fund Account	2,168,898	2,922,496	2,922,496
Election Administration Revolving Loan Fund	232,185	0	0
Local Records Preservation Fund	262,644	397,727	513,649
Missouri State Archives - St. Louis Trust Fund	0	183,415	0
Secretary of State's Investor Education Fund	87,722	170,864	210,364
State Document Preservation Fund	0	0	25,000
Secretary of State - Wolfner State Library Fund	0	14,500	14,500
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	4,150,732	10,463,445	7,884,745
Federal Funds	1,258,520	2,192,000	2,362,087
Local Records Preservation Fund	274,472	400,000	400,000
Election Administration Improvement Fund	5,852,626	62,086,012	24,728,805
Election Administration Revolving Loan Fund	0	396,185	396,185
Investors Restitution Fund	3,000	55,000	55,000
Missouri State Archives - St. Louis Trust Fund	0	12,000,100	12,000,000
State Document Preservation Fund	0	0	164,260
TOTAL	\$ 33,530,753	\$ 107,669,522	\$ 72,757,682
General Revenue Fund	16,906,481	20,279,465	22,017,593
Federal Funds	2,333,797	3,550,066	3,744,286
National Endowment for the Humanities Fund	0	66,172	228,060
Election Administration Improvement Fund	10,202,366	65,836,002	28,478,795
Election Administration Revolving Loan Fund	232,185	396,185	396,185
Secretary of State's Technology Trust Fund Account	2,240,112	3,003,401	3,006,637
Local Records Preservation Fund	1,427,821	1,714,490	1,867,080
Investors Restitution Fund	3,000	55,000	55,000
Secretary of State's Investor Education Fund	184,441	399,022	587,688
Missouri State Archives - St. Louis Trust Fund	0	12,355,219	12,000,000
State Document Preservation Fund	550	0	361,858
Secretary of State - Wolfner State Library Fund	0	14,500	14,500
Full-time equivalent employees	253.29	263.30	270.30

ELECTED OFFICIALS SECRETARY OF STATE

ADMINISTRATION

The Office of the Secretary of State is organized as follows:

Administrative Services – provides central budgeting, payroll, human resources, accounting, supplies, and mailroom services for all areas of the office. Responsibilities also include publication of the official manual of the state of Missouri, the Constitution, corporation laws, securities laws, the uniform commercial code manual, notary public laws, trademark laws, primary election returns, and the state and general assembly roster.

Elections Services – prepares ballots, certifies candidates, canvasses election returns, certifies initiative petitions, and maintains the statewide voter registration database.

Record Services – provides for the maintenance, retention, preservation, and disposal of official records of the state and local governments of Missouri.

Administrative Rules and Legal Services – serves as the central filing office for all rules and regulations promulgated by departments of the state of Missouri.

Securities Services – works to protect Missouri investors from fraud and maintains an orderly securities market in the state. The Securities Commissioner administers the Missouri Uniform Securities Act.

Business Services – administers the laws and filings of corporations and non-profit organizations. The division is the central filing office and custodian of all filings on business and professional loans. Additionally, the division commissions public notaries.

Missouri State Library – supports or works in concert with public, academic, and institutional libraries of the state with grant support, consultant services, development of criteria for establishment of libraries, collection development, and resource sharing. The library serves as a research and reference library for state government and the legislature and as the central outlet for census data information.

Wolfner Library for the Blind and Physically Handicapped – provides a variety of Braille, large print books, talking books recorded on cassette and discs, as well as cassette and disc playback equipment for eligible blind, visually impaired, physically disabled, and learning disabled citizens. The federal government, through the National Library Service, provides production of the materials, equipment, and postal charges for their distribution. The state of Missouri pays for staffing and the cost of housing the collections of material and equipment for staff to operate the service.

Fiscal Year 2007 Governor's Recommendations

- \$200,000 federal funds for authority to utilize federal grants, contracts, or gifts available to the Office of the Secretary of State.
- \$179,540 other funds and three staff for securities fraud and licensing investigations.
- \$115,922 other funds to replace a camera used for the preservation of historic documents.
- \$33,006 for the children's summer reading program.
- \$340,372 for pay plan, including \$270,122 general revenue.
- (\$515,000) core reduction from the Fiscal Year 2006 appropriation level for the official manual.

ELECTIONS

Initiative, Referendum, and Constitutional Amendments Expenses – funds are provided to allow for the publication of the texts of initiative petitions and referendums in newspapers prior to their consideration by the electorate of the state of Missouri. Payments are made in accordance with Chapter 125, RSMo, for constitutional amendments and Chapter 126, RSMo, for initiative petitions and referendums.

Absentee Ballots – funds are provided to allow for fees and costs for establishing and maintaining the business reply and postage-free mail for absentee envelopes returned by voters, in accordance with Section 115.285, RSMo.

ELECTED OFFICIALS SECRETARY OF STATE

ELECTIONS (Continued)

Election Printing and Federal Election Reform – provisional ballot envelopes must be provided for local election authorities to use in elections of federal candidates, statewide candidates, or statewide issues. In addition, the Elections Division must print and distribute voter registration applications in accordance with federal laws.

Fiscal Year 2007 Governor's Recommendations

- \$1,500,000 for publishing of initiative petitions for each statewide ballot measure.
- \$350,000 federal funds to assist local election authorities to comply with federal and state laws.
- (\$37,707,207) federal funds core reduction from the Fiscal Year 2006 appropriation level.

RECORD PRESERVATION PROGRAMS

Local Records Grants – these funds are user fees designated for local records preservation. Missouri local governments submit proposals that address their specific needs in archive/records management. The Historical Records Advisory Board in concert with the Local Records Program Fiscal Grants Officer will establish priorities, implement, and audit the return of money to local governments.

Document Preservation – these funds are private donations designated for preservation of documents of legal, historical, and genealogical importance to the state of Missouri.

Fiscal Year 2007 Governor's Recommendations

- \$228,060 federal funds and four staff to implement a National Endowment for the Humanities grant to archive St. Louis civil court cases.
- \$6,639 other funds for pay plan.
- (\$93,172) federal funds core reduction from the Fiscal Year 2006 appropriation level for grants.

MISSOURI LIBRARY PROGRAMS

State Aid for Public Libraries – the Missouri Constitution authorizes the state to support and aid public libraries. Consistent with this authority and the procedure set out in Section 181.060, RSMo, the Missouri State Library distributes funds to eligible public libraries on the basis of population served by the library district. A public library becomes eligible for participation if it has voted a local tax of at least ten cents per one hundred dollars assessed valuation. Local libraries use state funds to supplement local support.

Remote Electronic Access for Libraries – the Remote Electronic Access for Libraries (REAL) project is designed to connect all public libraries in Missouri to each other and the Internet through dedicated data connections. Library patrons will have quick access to resources beyond those available solely within their community.

Literacy Investment for Tomorrow – the Missouri State Library serves as fiscal agent for the state literacy resource center, Literacy Investment for Tomorrow (LIFT) in St. Louis. The center promotes and develops resources for organizations that provide literacy services.

Federal Aid for Public Libraries – the Missouri State Library administers federal grants under the federal Library Services and Construction Act. The library distributes funds to local public libraries for personnel, books, other library materials, and for general operating expenses to develop and improve library services. In addition, funds are available to local groups of libraries for improving local library cooperation. All costs for cooperative projects, except book purchases and building construction, are eligible for funding.

Fiscal Year 2007 Governor's Recommendations

- \$450,000 to the library networking fund for increased assistance to public libraries.

STATE AUDITOR

The State Auditor's Office works to ensure the proper use of public funds and to improve the efficiency and effectiveness of Missouri government by performing audits of state agencies, boards and commissions, the circuit court system, third-class counties, and other political subdivisions upon petition by the voters. These audits examine financial accountability, waste, opportunities for fraud, and whether government organizations and programs are achieving their purposes and operating economically and efficiently. All audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. The audit reports are delivered to the Governor, the General Assembly, the auditee, and interested citizens. The State Auditor also provides an annual audit of the state's comprehensive annual financial report and federal grant programs administered by the state, reviews and registers general obligation bond issues of the state's political subdivisions, prepares fiscal notes for ballot initiatives, performs an Annual Forfeiture Report, and reviews property tax rates proposed by political subdivisions for compliance with state law.

Fiscal Year 2007 Governor's Recommendations

- \$275,488 for pay plan, including \$225,449 general revenue.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
PERSONAL SERVICE			
General Revenue Fund	\$ 5,745,275	\$ 5,732,696	\$ 5,958,145
Federal Funds	240,201	437,103	454,587
Gaming Commission Fund	2,655	0	0
Conservation Commission Fund	33,948	39,009	40,569
Parks Sales Tax Fund	18,744	19,483	20,262
Soil and Water Sales Tax Fund	18,744	18,787	19,538
Petition Audit Revolving Trust Fund	106,432	736,615	766,080
EXPENSE AND EQUIPMENT			
General Revenue Fund	641,931	884,947	884,947
Federal Funds	20,080	30,123	30,123
Gaming Commission Fund	102	0	0
Conservation Commission Fund	1,994	2,611	2,611
Petition Audit Revolving Trust Fund	49,884	31,616	31,616
TOTAL	\$ 6,879,990	\$ 7,932,990	\$ 8,208,478
General Revenue Fund	6,387,206	6,617,643	6,843,092
Federal Funds	260,281	467,226	484,710
Gaming Commission Fund	2,757	0	0
Conservation Commission Fund	35,942	41,620	43,180
Parks Sales Tax Fund	18,744	19,483	20,262
Soil and Water Sales Tax Fund	18,744	18,787	19,538
Petition Audit Revolving Trust Fund	156,316	768,231	797,696
Full-time equivalent employees	138.48	168.77	168.77

STATE TREASURER

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
Administration	\$ 2,879,055	\$ 2,724,607	\$ 2,838,373
Issuing Duplicate and Outlawed Checks	2,859,264	1,000,000	1,000,000
Abandoned Fund Account	20,832,816	16,000,001	16,000,001
TOTAL	\$ 26,571,135	\$ 19,724,608	\$ 19,838,374
PERSONAL SERVICE			
General Revenue Fund	1,439,110	0	0
State Treasurer's General Operations Fund	0	1,316,450	1,459,089
Treasurer's Information Fund	409,923	89,691	0
Central Check Mailing Service Revolving Fund	0	20,826	21,659
Second Injury Fund	37,874	37,875	39,390
Abandoned Fund Account	0	469,480	487,700
EXPENSE AND EQUIPMENT			
General Revenue Fund	289,091	0	0
State Treasurer's General Operations Fund	0	213,405	270,655
Treasurer's Information Fund	1,400	25,000	8,000
Central Check Mailing Service Revolving Fund	118,915	225,000	225,000
Second Injury Fund	3,281	3,280	3,280
Abandoned Fund Account	579,461	323,600	323,600
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	4,260,076	1,000,001	1,000,001
Abandoned Fund Account	19,432,004	16,000,000	16,000,000
TOTAL	\$ 26,571,135	\$ 19,724,608	\$ 19,838,374
General Revenue Fund	5,988,277	1,000,001	1,000,001
State Treasurer's General Operations Fund	0	1,529,855	1,729,744
Treasurer's Information Fund	411,323	114,691	8,000
Central Check Mailing Service Revolving Fund	118,915	245,826	246,659
Second Injury Fund	41,155	41,155	42,670
Abandoned Fund Account	20,011,465	16,793,080	16,811,300
Full-time equivalent employees	48.92	49.40	49.40

ADMINISTRATION

The State Treasurer is responsible for receiving and investing state moneys, posting receipts to the proper funds, and signing warrants drawn according to law. As custodian of those funds, the Treasurer determines the amount of state moneys not needed for current operating expenses and invests those funds in interest-bearing time deposits in Missouri banking institutions or in short-term United States government obligations. The Treasurer is required to give due consideration to the preservation of state funds and the comparative yields available. The Treasurer also must determine whether the general welfare of the state is better served by investing state funds in United States securities or within the Missouri banking system.

The Treasurer also administers the state's unclaimed property law by collecting unclaimed or abandoned funds and property belonging to Missouri citizens and trying to locate the owners.

Fiscal Year 2007 Governor's Recommendations

- \$40,250 State Treasurer's General Operations Fund for implementation of the provisions of the Linked Deposit Program as required by SB 270 (2005).
- \$73,516 other funds for pay plan.

**ELECTED OFFICIALS
STATE TREASURER**

ISSUING DUPLICATE AND OUTLAWED CHECKS

These functions allow payment of claims against the state in cases where checks are not presented for payment within 12 months of issuance as required by law and in cases where checks are presented for payment more than five years after the date of issuance.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

ABANDONED FUND ACCOUNT

In accordance with Section 447.543, RSMo, the Abandoned Fund Account has the two-fold purpose of receiving funds that have remained unclaimed for a period of seven years and making the payment of valid claims. Any time the fund exceeds \$50,000, the Treasurer may, and at least once every year shall, transfer the excess to general revenue. If verified claims for payment should reduce the balance in the account to less than \$25,000, the Treasurer shall transfer from general revenue an amount sufficient to restore the fund to \$50,000.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

ATTORNEY GENERAL

The Attorney General takes legal action to protect the rights and interests of the state, defends or prosecutes appeals to which the state is a party, provides opinions regarding state law, and assists prosecuting attorneys in the prosecution of cases. The Office of the Attorney General has several responsibilities for which specific funds have been established by law.

Section 27.080, RSMo, established the Attorney General's Court Costs Fund to receive deposits and make payments of court costs in litigation requiring the appearance of the Attorney General. This fund is supplemented by a transfer from general revenue.

Section 416.081, RSMo, created the Antitrust Revolving Fund which is made up of deposits of ten percent of any court settlement of antitrust litigation involving the Attorney General. This fund is supplemented by a transfer from general revenue.

Chapter 287, RSMo, provides for the Attorney General to charge the Second Injury Fund for the cost of defending the fund.

Section 56.750, RSMo, establishes the Missouri Office of Prosecution Services within the Attorney General's Office. The Prosecution Services Office is funded through fees assessed as court costs in criminal cases. The office was established to develop uniform training and procedures for Missouri's prosecuting attorneys.

Sections 407.1070 to 407.1085, RSMo, established a no-call database to be maintained by the Attorney General for citizens who object to receiving telephone solicitations at home.

Fiscal Year 2007 Governor's Recommendations

- \$1,000,000 other funds to the Missouri Office of Prosecution Services for the development, support, and maintenance of criminal reporting systems.
- \$517,500 and 10 staff to enforce provisions relating to collection of tobacco settlement payments.
- \$75,350 other funds and one staff for a traffic safety resource attorney in the Missouri Office of Prosecution Services.
- \$43,200 and one staff to file petitions on behalf of physically disabled persons as required by SB 539 (2005).
- \$656,296 for pay plan, including \$425,041 general revenue.
- \$4,067 federal funds to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- (\$50,334) transferred to the statewide leasing budget, including (\$20,452) general revenue.
- (\$50) other funds reallocated due to overtime adjustment.

ELECTED OFFICIALS

ATTORNEY GENERAL (Continued)

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDED FY 2007
Administration	\$ 21,019,259	\$ 22,890,136	\$ 24,051,053
Missouri Office of Prosecution Services	498,983	1,612,386	2,697,498
TOTAL	\$ 21,518,242	\$ 24,502,522	\$ 26,748,551
PERSONAL SERVICE			
General Revenue Fund	10,387,403	10,730,330	11,594,371
Federal Funds	1,705,965	2,415,299	2,515,976
Gaming Commission Fund	127,245	99,047	103,009
Merchandising Practices Revolving Fund	576,047	622,692	647,599
Workers' Compensation Fund	309,260	239,318	248,891
Second Injury Fund	1,681,274	1,652,304	1,718,395
Missouri Office of Prosecution Services Fund	186,085	207,324	273,367
Hazardous Waste Remedial Fund	223,878	223,878	0
Other Funds	296,630	321,682	567,329
EXPENSE AND EQUIPMENT			
General Revenue Fund	2,069,123	1,647,808	1,749,056
Federal Funds	605,058	2,240,129	2,233,081
Gaming Commission Fund	0	30,747	30,747
Attorney General's Court Costs Fund	187,000	187,000	187,000
Merchandising Practices Revolving Fund	971,685	1,894,860	1,879,126
Workers' Compensation Fund	52,336	205,801	204,053
Second Injury Fund	922,046	1,023,474	1,021,726
Missouri Office of Prosecution Services Fund	27,487	197,314	1,211,310
Hazardous Waste Remedial Fund	10,166	10,165	0
Missouri Office of Prosecution Services Revolving Fund	82,522	150,000	150,000
Other Funds	796,278	68,750	78,915
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	234,600	234,600	234,600
Federal Funds	64,908	100,000	100,000
Missouri Office of Prosecution Services Fund	1,246	0	0
TOTAL	\$ 21,518,242	\$ 24,502,522	\$ 26,748,551
General Revenue Fund	12,691,126	12,612,738	13,578,027
Federal Funds	2,375,931	4,755,428	4,849,057
Gaming Commission Fund	127,245	129,794	133,756
Attorney General's Court Costs Fund	187,000	187,000	187,000
Merchandising Practices Revolving Fund	1,547,732	2,517,552	2,526,725
Workers' Compensation Fund	361,596	445,119	452,944
Second Injury Fund	2,603,320	2,675,778	2,740,121
Missouri Office of Prosecution Services Fund	214,818	404,638	1,484,677
Hazardous Waste Remedial Fund	234,044	234,043	0
Missouri Office of Prosecution Services Revolving Fund	82,522	150,000	150,000
Other Funds	1,092,908	390,432	646,244
Full-time equivalent employees	397.71	424.05	436.05

JUDICIARY

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Supreme Court & State Sentencing Adv. Comm.	\$ 7,464,789	\$ 7,071,563	\$ 8,674,183	\$ 8,142,779
Office of State Courts Administrator	20,375,313	27,465,810	25,357,766	25,013,987
Court of Appeals	10,064,807	9,958,187	11,133,629	10,162,583
Circuit Courts	113,200,103	114,443,032	130,496,803	126,118,791
Drug Courts	3,321,500	3,321,500	5,821,500	4,321,500
Commission on Retirement, Removal, and Discipline of Judges	192,687	193,161	215,161	209,181
Appellate Judicial Commission	3,382	7,741	7,741	7,741
TOTAL	\$ 154,622,581	\$ 162,460,994 *	\$ 181,706,783	\$ 173,976,562
General Revenue Fund	140,697,623	140,367,340	161,237,743	153,996,581
Federal Funds	5,531,703	12,881,488	9,551,374	9,700,642
Third Party Liability Collections Fund	254,615	356,912	356,912	366,067
Statewide Court Automation Fund	3,750,391	5,009,944	5,009,944	4,356,594
Supreme Court Publications Revolving Fund	87,207	150,000	150,000	150,000
Missouri CASA Fund	80,041	100,000	100,000	100,000
Crime Victims' Compensation Fund	632,000	887,200	887,200	887,200
Circuit Courts Escrow Fund	0	0	505,500	505,500
Basic Civil Legal Services Fund	3,044,002	2,085,710	3,285,710	3,288,716
Supreme Court Administrative Revolving Fund	131,810	230,000	230,000	230,000
Domestic Relations Resolution Fund	413,189	392,400	392,400	395,262
Full-time equivalent employees	3,293.96	3,372.05	3,675.41	3,379.55

* Does not include \$765,361 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Judiciary supplemental appropriations.

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides a total of \$173.9 million for the Judiciary. The Judiciary ensures Missourians have a fair and accessible forum for the adjudication of civil disputes and criminal charges.

JUDICIARY

SUPREME COURT AND STATE SENTENCING ADVISORY COMMISSION

The Supreme Court has exclusive appellate jurisdiction in all cases involving: the validity of a treaty or statute of the United States or of a statute or provision of the Missouri Constitution; the construction of the state's revenue laws; the title to any state office; and, in all cases, where the punishment imposed is death. In addition, the court may order cases transferred to it from the Court of Appeals if the cases involve questions of general interest or importance, if the court thinks the existing law should be reexamined, if the opinion conflicts with prior opinions, or for other reasons provided by rule of the court. The Court of Appeals also may order a case transferred to the Supreme Court after opinion either by order of the Court of Appeals itself, or by the dissent of a court of appeals judge.

The court is also authorized by the Constitution to establish rules for practice and procedure in the courts and to make temporary transfers of judicial personnel. In addition to its decision-making powers, the Supreme Court supervises all lower courts in the state (assisted by the Office of State Courts Administrator), licenses all lawyers practicing in Missouri, and disciplines those found guilty of violating the Rules of Professional Conduct.

The first Missouri Sentencing Advisory Commission was created in House Bill 974 in 1990. The commission completed its work in 1998. In 2003, Senate Bill 5 revised the commission, creating new deadlines and responsibilities. The statutory requirements for the sentencing commission are:

- Study and evaluate sentencing disparity.
- Establish and distribute a system of recommended sentences.
- Study alternative sentencing and prepare a feasibility study.
- Publish, distribute, and revise recommended sentences every two years.

The commission is composed of one member of the House, one member of the Senate, Director of the Department of Corrections, six members appointed by the Governor, and two members appointed by the Supreme Court.

Fiscal Year 2007 Governor's Recommendations

- \$1,200,000 for Basic Civil Legal Services Fund.
- \$122,969 for pay plan, including \$103,501 general revenue.
- (\$251,753) federal funds and (two) staff core reduction from Fiscal Year 2006 funding level.

OFFICE OF STATE COURTS ADMINISTRATOR

The Office of State Courts Administrator fulfills the administrative obligations of the Supreme Court, which are mandated under the judicial article and the statutes. Staff of the office provides technical assistance, statistical analysis, financial system analysis, continuing education, and automation support functions for the courts. The office assists in policy direction for the Statewide Judicial Information System and Missouri Court Automation, collects and analyzes caseload data from the courts, develops and operates appellate and circuit record-keeping systems, develops and operates administrative systems, prepares the judicial budget, and maintains the personnel system for the courts. The office processes payrolls for all state-paid circuit court employees and all other state expenditures of the Supreme Court and circuit courts. The fundamental strategic goal is to build an integrated court system that renders geography largely irrelevant with greater efficiency, wider access, and enhanced accountability for the litigant and taxpayer.

Fiscal Year 2007 Governor's Recommendations

- \$500,000 federal funds for criminal records reporting.
- \$366,165 for pay plan, including \$229,781 general revenue.
- (\$2,446,805) federal funds core reduction from the Fiscal Year 2006 appropriation level.
- (\$709,944) Court Automation Fund core reduction from the Fiscal Year 2006 appropriation level.
- (\$161,239) transferred to statewide leasing budget, including (\$154,683) general revenue.

JUDICIARY

COURT OF APPEALS

Missouri's current appellate structure—a single Court of Appeals consisting of three districts—was established by a 1970 constitutional amendment. The Eastern District sits in St. Louis, the Western District sits in Kansas City, and the Southern District holds sessions in Springfield and Poplar Bluff. The number of judges in each district is set by statute. The Eastern District has 14 judges, the Western District has 11 judges, and the Southern District has 7 judges.

The Court of Appeals may issue and determine original remedial writs and has general appellate jurisdiction in all cases not within the exclusive jurisdiction of the Supreme Court. Cases not within the Supreme Court's exclusive jurisdiction may be transferred from the Court of Appeals to the Supreme Court when it is determined that a case involves an important issue that should be decided by the state's highest court.

Fiscal Year 2007 Governor's Recommendations

- \$204,396 for pay plan.

CIRCUIT COURTS

Circuit courts are established by Article V, Section 1 of the Constitution of Missouri. The boundaries, circuit number, and inclusive counties of the 45 circuits are established by Chapter 478, RSMo. The circuit court is the exclusive trial court in Missouri. It is comprised of circuit judges, associate circuit judges, and municipal judges. Municipalities under 400,000 population may, and those over 400,000 must, make provision for judges to hear municipal ordinance violations. If such provision is not made, municipalities will file such cases before an associate circuit judge.

Fiscal Year 2007 Governor's Recommendations

- \$505,500 Circuit Court Debt Offset Fund for the reimbursement of local, county, and state governments.
- \$437,040 and 6.5 staff for statutorily mandated positions including a Family Court Commissioner in the 29th Judicial Circuit, a Drug Court Commissioner in the 42nd Judicial Circuit, and Circuit Court Judges in the 23rd and 11th Judicial Circuits as pursuant to SB 420 (2005), as well as an additional Associate Circuit Judge in the 13th Circuit as pursuant to SB 5 (2003).
- \$124,260 and two staff cost to continue for an additional Associate Circuit Court Judge in Cass County.
- \$62,130 and one staff cost to continue for an additional Associate Circuit Court Judge in the 11th Judicial Circuit.
- \$3,001,436 for pay plan, including \$2,936,403 general revenue.
- \$7,579,900 transferred from the Office of Administration for juvenile personnel.
- (\$26,928) core reduction from Fiscal Year 2006 funding level.
- (\$7,579) transferred to the statewide leasing budget.

DRUG COURTS

The main purpose of a drug court program is to use the authority of the court to reduce crime by changing defendants' drug-using behavior. Under this concept, defendants are diverted to drug court programs in various ways and at various stages of the judicial process, depending on the circumstances. Drug courts provide the court system an additional tool to reduce the number of people coming into the court and penal systems because of substance abuse by reducing the rate of recidivism. Additionally, providing drug treatment programs decreases the negative consequences of drug abuse by reducing the number of additional cases filed involving family disputes, abuse and neglect, truancy, property crimes, and crimes of violence.

In 1998, the legislature passed HB 1147, which allows any circuit to establish a drug court that shall combine judicial supervision, drug testing, and treatment of drug court participants. House Bill 471, passed by the General Assembly in 2001, established a "Drug Court Coordinating Commission" (DCCC), composed of eight members: one member selected by the director of the Department of Corrections, one member selected by the director of the Department of Social Services, one member selected by the director of the Department of Mental Health, one member selected by the director of the Department of Public Safety, one member selected by the Office of State Courts Administrator, and three members selected by the Supreme Court. The commission is to evaluate, secure, coordinate, and allocate funding resources to the various drug courts around the state.

Fiscal Year 2007 Governor's Recommendations

- \$2,125,000 for drug courts.
- (\$1,125,000) federal funds core reduction from Fiscal Year 2006 funding level.

JUDICIARY

COMMISSION ON RETIREMENT, REMOVAL, AND DISCIPLINE OF JUDGES

The Commission on Retirement, Removal, and Discipline of Judges, authorized in Article V, Section 24 of the Missouri Constitution, receives and investigates all requests and suggestions concerning retirement for disability and all complaints concerning misconduct of judges, members of the judicial commissions, and members of this commission. The commission is composed of two citizens who are not members of the bar and who are appointed by the Governor, two lawyers appointed by the governing body of the Missouri Bar, one judge of the Court of Appeals selected by a majority of the judges of the Court of Appeals, and one judge of the circuit courts selected by a majority of the circuit judges of this state.

Fiscal Year 2007 Governor's Recommendations

- \$10,000 for investigation expenses.
- \$6,020 for pay plan.

APPELLATE JUDICIAL COMMISSION

The Appellate Judicial Commission consists of a judge of the Supreme Court, one member of the bar from each appeals district, and one citizen not a member of the bar from each appeals district. The commission considers vacant judgeships of the Supreme Court or the Court of Appeals. The Circuit Judicial Commission consists of the chief judge of the Court of Appeals over the district, two members of the bar residing in the judicial circuit, and two citizens not members of the bar residing in the circuit. This commission considers vacancies in the office of circuit judge or associate circuit judge in those districts subject to nonpartisan selection of judges.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

OFFICE OF THE STATE PUBLIC DEFENDER

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Defender Services	\$ 26,221,778	\$ 26,221,780	\$ 48,574,925	\$ 27,141,165
Federal Grants	0	125,000	125,000	125,000
Legal Defense and Defender Fund	1,712,172	1,968,134	1,968,134	1,972,829
Homicide/Conflict of Interest Cases	2,240,117	2,241,502	2,241,502	2,241,502
DEPARTMENT TOTAL	\$ 30,174,067	\$ 30,556,416	\$ 52,909,561	\$ 31,480,496
PERSONAL SERVICE				
General Revenue Fund	22,562,711	22,984,589	38,212,927	23,903,974
Legal Defense and Defender Fund	48,506	117,378	117,378	122,073
EXPENSE AND EQUIPMENT				
General Revenue Fund	5,899,184	5,478,693	12,603,500	5,478,693
Legal Defense and Defender Fund	1,630,789	1,819,276	1,819,276	1,819,276
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	32,877	31,480	31,480	31,480
TOTAL	\$ 30,174,067	\$ 30,556,416	\$ 52,909,561	\$ 31,480,496
General Revenue Fund	28,461,895	28,463,282	50,816,427	29,382,667
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	1,712,172	1,968,134	1,968,134	1,972,829
Full-time equivalent employees	558.45	560.13	914.38	560.13

OFFICE SUMMARY

The Sixth Amendment of the U.S. Constitution assures that no person accused of a crime and unable to pay for legal assistance shall face trial without counsel. Established in 1982, the Office of the State Public Defender exists as a system for providing defense services to every jurisdiction within the state by means of a centrally administered organization having a full-time staff. The State Public Defender System fulfills the constitutional guarantee of legal counsel for persons accused of criminal offenses in Missouri's 45 judicial circuits (embracing 114 counties and the City of St. Louis). Functioning as an independent department of the Missouri judicial branch, the Office of the State Public Defender is charged with providing legal defense for indigents accused of criminal offenses. Governor Blunt's Fiscal Year 2007 budget provides a total of \$31.5 million for the Office of the State Public Defender.

Fiscal Year 2007 Governor's Recommendations

- \$924,080 for pay plan, including \$919,385 general revenue.

GENERAL ASSEMBLY

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR'S RECOMMENDATION
Expenses of the Senate	\$ 9,835,808	\$ 10,484,245	\$ 10,484,245	\$ 10,785,675
Expenses of the House of Representatives	17,880,599	18,480,649	18,745,490	19,091,509
Interstate Organizations	40,000	40,000	40,000	40,000
Committee on Legislative Research	1,699,892	2,154,199	2,154,199	2,226,239
Interim Committees of the General Assembly	1,661	2,000	2,000	2,000
TOTAL	\$ 29,457,960	\$ 31,161,093	\$ 31,425,934	\$ 32,145,423
General Revenue Fund	29,369,558	30,968,402	31,233,243	31,951,856
House of Representatives Revolving Fund	14,550	45,000	45,000	45,000
Senate Revolving Fund	0	40,000	40,000	40,000
Statutory Revision Fund	73,852	107,691	107,691	108,567
Full-time equivalent employees	676.21	718.84	718.84	718.84

GENERAL ASSEMBLY

EXPENSES OF THE SENATE

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The Senate is composed of 34 members elected for four-year terms.

The budget of the Senate includes funding for members' statutory salaries, travel reimbursement of 41.5 cents per mile, a per diem that is now \$79.20, staff support, and interim committee expenses. The Senate appropriation also includes funds for several joint committees.

Fiscal Year 2007 Governor's Recommendations

- \$301,430 for pay plan.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR'S RECOMMENDATION
Salaries of Members	\$ 1,032,103	\$ 1,071,448	\$ 1,071,448	\$ 1,071,448
Mileage of Members	54,205	56,435	56,435	56,435
Per Diem of Members	182,702	226,100	226,100	226,100
Senate Contingent Expenses	8,189,607	8,535,738	8,535,738	8,820,305
Joint Contingent Expenses	51,639	100,000	100,000	100,000
Joint Committee on Administrative Rules	88,259	119,707	119,707	123,296
Joint Committee on Retirement Systems	137,616	155,000	155,000	160,525
Joint Committee on Capital Improvements	82,603	118,964	118,964	122,965
Joint Committee on Transportation	17,074	100,853	100,853	104,601
TOTAL	\$ 9,835,808	\$ 10,484,245	\$ 10,484,245	\$ 10,785,675
General Revenue Fund	9,835,808	10,444,245	10,444,245	10,745,675
Senate Revolving Fund	0	40,000	40,000	40,000
Full-time equivalent employees	210.21	214.00	214.00	214.00

GENERAL ASSEMBLY

EXPENSES OF THE HOUSE OF REPRESENTATIVES

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The House is composed of 163 members who are elected for two-year terms.

The budget of the House of Representatives includes funding for the members' statutory salaries, a per diem that is now \$79.20, travel reimbursement of 41.5 cents per mile, and staff support.

Fiscal Year 2007 Governor's Recommendations

- \$207,010 for increased per diem costs.
- \$57,831 for increased mileage expenses.
- \$346,019 for pay plan.

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR'S RECOMMENDATION
Salaries of Members	\$ 5,035,018	\$ 5,117,283	\$ 5,117,283	\$ 5,117,283
Mileage of Members	294,466	342,660	400,491	400,491
Per Diem of Members	868,374	1,083,950	1,290,960	1,290,960
House Contingent Expenses	10,374,920	10,326,956	10,326,956	10,672,296
Representatives' Expense Vouchers	1,293,271	1,564,800	1,564,800	1,565,479
House Revolving Fund	14,550	45,000	45,000	45,000
TOTAL	\$ 17,880,599	\$ 18,480,649	\$ 18,745,490	\$ 19,091,509
General Revenue Fund	17,866,049	18,435,649	18,700,490	19,046,509
House of Representatives Revolving Fund	14,550	45,000	45,000	45,000
Full-time equivalent employees	421.86	449.04	449.04	449.04

GENERAL ASSEMBLY

INTERSTATE ORGANIZATIONS

Missouri's dues to the Council of State Governments, the National Conference of State Legislatures, and the National Conference of Commissioners on Uniform State Laws are paid from these funds.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

COMMITTEE ON LEGISLATIVE RESEARCH

ADMINISTRATION

In accordance with Sections 23.010 through 23.190, RSMo, a permanent joint committee of the General Assembly is established, comprised of the chair of the Senate Appropriations Committee and nine other senators, and the chair of the House Budget Committee and nine other representatives. The Committee on Legislative Research has staff support to perform the following services for the members of the General Assembly:

- Provide a research and reference service on legislative issues.
- Make investigations into legislative and governmental institutions to aid the General Assembly.
- Assist any interim legislative committee or commission created by the General Assembly.
- Draft or aid in drafting bills, resolutions, memorials, and amendments.
- Prepare fiscal notes for legislation introduced in either house of the General Assembly.
- Conduct management audits and performance audits of state agencies.
- Maintain a legislative library for a reference service to the General Assembly and public.

Fiscal Year 2007 Governor's Recommendations

- \$72,040 for pay plan, including \$71,164 general revenue.

INTERIM COMMITTEES

These are statutory committees composed of members of the House and Senate and, in some cases, gubernatorial appointees.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATEWIDE LEASING

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Department of Elementary & Secondary Education	\$ 2,929,411	\$ 2,801,999	\$ 4,279,147	\$ 4,279,147
Department of Higher Education	240,285	246,062	303,679	303,679
Department of Revenue	1,914,817	1,571,471	1,663,946	1,663,946
Office of Administration	342,957	795,554	1,856,810	1,856,810
Department of Agriculture	319,196	309,959	798,429	798,429
Department of Natural Resources	2,057,489	2,000,465	3,002,040	3,002,040
Department of Economic Development	2,635,779	2,714,410	4,900,641	4,900,641
Department of Insurance	8,280	8,461	417,381	417,381
Department of Labor and Industrial Relations	747,258	708,750	1,947,853	1,947,853
Department of Public Safety	1,717,620	2,187,504	3,261,324	3,261,324
Department of Corrections	6,148,034	5,636,451	7,506,296	7,506,296
Department of Mental Health	2,452,758	1,636,009	2,599,228	2,599,228
Department of Health and Senior Services	3,551,864	3,603,225	5,742,632	5,742,632
Department of Social Services	15,839,735	16,073,070	23,641,816	23,641,816
Elected Officials	887,387	987,720	5,471,312	5,471,312
Judiciary	825,155	1,034,217	2,711,035	2,711,035
Lease/Purchase St. Louis	0	3	0	0
Lease/Purchase Maryville	0	1,100,000	0	0
Operating Budget Transfer	0	3	0	0
TOTAL	\$ 42,618,025	\$ 43,415,333	\$ 70,103,569	\$ 70,103,569
General Revenue Fund	23,852,224	24,809,742	41,230,670	41,230,670
Federal Funds	13,343,549	13,607,866	19,871,762	19,871,762
Other Funds	5,422,252	4,997,725	9,001,137	9,001,137

DEPARTMENT SUMMARY

In Fiscal Year 2007, the Division of Facilities Management, Design and Construction (DFMDC) will consolidate the cost of operations for all state owned and leased facilities into House Bill 13. Previously the state owned cost allocation plan was appropriated in HB 5, the rent for leased facilities was in HB 13, and the cost of utilities and janitorial for leased facilities was in numerous agency operating budgets. Combining all appropriations into one house bill will allow DFMDC to track the total cost of operations, improve efficiencies as agencies move between state owned and leased facilities and allow DFMDC to accurately charge rent on a real time basis for state owned facilities.

Space Consolidation Efforts

During Fiscal Year 2006, efforts have been underway to terminate leases and consolidate state agencies within state owned space. By comparison, in Fiscal Year 2005, DFMDC leased approx 3.45 million square feet of office space at an annual cost of \$37 million. During Fiscal Year 2006, DFMDC currently leases approx. 3.2 million square feet of office space with an annual cost of \$35 million. Additional consolidation efforts are planned for Fiscal Year 2007.

Reduced Rental Rates and Leasing Costs

DFMDC continues to negotiate with landlords to reduce rental rates, downsize and terminate leases thereby reducing leasing costs. In addition, DFMDC has improved efficiencies within state owned facilities resulting in lower rates for some owned facilities. The improved efficiencies within leased and owned facilities have resulted in the following core cuts in the Fiscal Year 2007 budget:

General Revenue	\$2,776,805
Federal	209,206
Other	<u>334,477</u>
Total	\$3,320,488

STATEWIDE LEASING

DEPARTMENT SUMMARY (Continued)

Benchmarking

DFMDC conducts benchmark comparisons with the Federal General Services Administration (GSA) and other state governments to ensure that the State of Missouri rates are competitive. The State of Missouri rental rates for state owned and leased facilities are comparable or below GSA and other state rates.

Rental Rates

The Fiscal Year 2007 budgeted rental rates for leased facilities are as follows:

<u>MARKET AREA</u>	<u>BUDGETED RENTAL RATE</u>
Metro	\$15.00
St. Louis County	\$17.85
Large City	\$11.50
Outstate	\$10.30

The Fiscal Year 2007 budgeted rental rate for state owned facilities are as follows:

<u>FACILITY</u>	<u>RATE</u>	<u>FACILITY</u>	<u>RATE</u>	<u>FACILITY</u>	<u>RATE</u>
Broadway	\$ 5.32	DOLIR – Gateway	\$ 5.61	Mill Creek	\$ 6.78
Capitol	\$ 6.63	DOLIR - Springfield	\$ 5.10	Mo. Blvd.	\$ 6.47
Choteau	\$ 7.01	DOLIR – St. Louis	\$ 5.10	OA Garage	\$ 6.26
DED Hannibal	\$12.03	Feed & Seed Lab	\$ 8.71	Penney	\$ 7.08
DED Joplin	\$ 8.38	Fletcher Daniel	\$ 7.08	Petro Lab	\$13.84
DED Park Hills	\$ 9.07	Gov. Mansion	\$ 7.89	Prince Hall	\$ 2.61
DED Sedalia	\$11.46	Health Lab	\$ 7.74	Prof. Regist.	\$ 4.98
DED Sikeston	\$ 9.77	Howerton	\$ 5.25	Simpson	\$ 6.26
DED St. Joseph	\$ 9.61	Jefferson Bldg.	\$ 5.64	St. Joseph	\$ 7.27
DED St. Louis	\$ 9.24	Kirkpatrick	\$ 5.94	Supreme Ct.	\$ 4.38
DEQ Lab	\$ 7.05	Landers	\$ 6.83	Truman Bldg.	\$ 6.69
DOLIR	\$ 5.74	Lewis & Clark	\$ 3.87	Wainwright	\$ 7.54
DOLIR – Dunklin	\$ 5.10	Mental Health	\$ 5.81		

REALLOCATION OF CORE DOLLARS

For the Fiscal Year 2007, DFMDC has redirected core dollars for all lease requirements, thereby eliminating the need for any new money in the leasing budget. In addition, core dollars have been redirected within state owned facilities eliminating the need for a new decision item for the Health Lab that will be completed and occupied in August, 2006.

SUMMARY OF STATE OWNED AND LEASED FACILITIES

DFMDC provides asset management for all state owned and leased properties totaling in excess of 7 million square feet of space. The following departments are located within those facilities:

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

The Department of Elementary and Secondary Education has 39 lease contracts totaling over 182,000 square feet of leased space and also occupies 206,000 square feet of space in state owned facilities. The facilities are located statewide and include offices, warehouses, and parking for the Divisions of Vocational Rehabilitation and Disability Determination, State Schools for the Severely Handicapped, and other divisions.

Fiscal Year 2007 Governor's Recommendations

- \$1,320,776 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$603,238 general revenue.
- \$493,718 transferred from the Department of Elementary and Secondary Education's operating budget for janitorial, fuel, and utility costs, including \$62,358 general revenue.
- (\$337,346) federal funds reallocated to various departmental leasing budgets.

STATEWIDE LEASING

DEPARTMENT SUMMARY (Continued)

DEPARTMENT OF HIGHER EDUCATION

The Department of Higher Education occupies two leased facilities totaling approximately 25,000 square feet in Jefferson City for the purpose of housing staff and operations for the Coordinating Board for Higher Education.

Fiscal Year 2007 Governor's Recommendations

- \$49,053 transferred from the Department of Higher Education's operating budget for janitorial, fuel, and utility costs, including \$14,225 general revenue.
- \$9,649 other funds reallocated from various departmental leasing budgets.
- (\$1,085) core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF REVENUE

The Department of Revenue has 19 lease contracts totaling over 60,000 square feet of leased space and also occupies approximately 298,000 square feet of space within state owned facilities. The facilities are located statewide and out of state and include offices, warehouses, and parking for the Division of Taxation, the State Lottery Commission, the State Tax Commission, and other divisions.

Fiscal Year 2007 Governor's Recommendations

- \$2,012,604 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$2,008,927 general revenue.
- \$150,348 transferred from the Department of Revenue's operating budget for janitorial, fuel, and utility costs, including \$116,561 general revenue.
- (\$1,882,284) core reduction from the Fiscal Year 2006 appropriation level.
- (\$188,193) reallocated to various departmental leasing budgets, including (\$142,553) general revenue.

OFFICE OF ADMINISTRATION

The Office of Administration has 16 leases totaling over 68,000 square feet of leased space and approximately 315,000 square feet of space within state owned facilities for the Divisions of General Services; Facilities Management, Design and Construction; Information Services; Personnel; Purchasing; the Ethics Commission; and other divisions.

Fiscal Year 2007 Governor's Recommendations

- \$1,680,112 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$1,666,220 general revenue.
- \$16,886 transferred from the Office of Administration's operating budget for janitorial, fuel, and utility costs.
- (\$635,742) core reduction from the Fiscal Year 2006 appropriation level, including (\$433,843) general revenue.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture occupies eight leased facilities statewide totaling 27,000 square feet of leased space and approximately 53,000 square feet of space within state owned facilities for the Divisions of Grain Inspection and Warehousing, Market Development, Plant Industries, and the State Milk Board.

Fiscal Year 2007 Governor's Recommendations

- \$430,632 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$300,271 general revenue.
- \$58,621 other funds transferred from the Department of Agriculture's operating budget for janitorial, fuel, and utility costs.
- (\$783) other funds core reduction from the Fiscal Year 2006 appropriation level.

STATEWIDE LEASING

DEPARTMENT SUMMARY (Continued)

DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources has 38 lease contracts statewide totaling over 152,000 square feet of leased space and 179,000 square feet within state owned facilities for the Division of Energy, the Division of State Parks, and the regional offices of the Water Protection and Soil Conservation Division and the Air and Land Protection Division. Leases include offices, labs, and air monitoring sites.

Fiscal Year 2007 Governor's Recommendations

- \$893,139 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$172,749 general revenue.
- \$328,160 transferred from the Department of Natural Resources' operating budget for janitorial, fuel, and utility costs, including \$1,165 general revenue.
- \$82,992 other funds reallocated from various departmental leasing budgets.
- (\$302,716) core reduction from the Fiscal Year 2006 appropriation level, including (\$32,193) general revenue.

DEPARTMENT OF ECONOMIC DEVELOPMENT

The Department of Economic Development occupies 40 leased facilities totaling over 233,000 square feet of leased space and 240,000 square feet of space within state owned facilities for the Divisions of Workforce Development, Finance, Credit Unions, Tourism, Motor Carriers and Railroad Safety, Professional Registration, and the Public Service Commission. Leases include offices, warehouses, and parking.

Fiscal Year 2007 Governor's Recommendations

- \$963,546 federal and other funds reallocated from various departmental leasing budgets.
- \$510,311 transferred from the Department of Economic Development's operating budget for facility management services for seven Department of Economic facilities, including \$29,134 general revenue.
- \$392,574 transferred from the Department of Economic Development's operating budget for janitorial, fuel, and utility costs, including \$8,553 general revenue.
- \$319,800 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$295,354 general revenue.

DEPARTMENT OF INSURANCE

The leasing budget includes funds for one parking lease and approximately 60,000 square feet of space within state owned facilities for the Department of Insurance.

Fiscal Year 2007 Governor's Recommendations

- \$408,187 other funds reallocated from various departmental leasing budgets.
- \$733 other funds transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs.

STATEWIDE LEASING

DEPARTMENT SUMMARY (Continued)

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

The Department of Labor and Industrial Relations occupies 30 leased facilities statewide totaling over 34,000 square feet of leased space and approximately 300,000 square feet of space within state owned facilities for the Office of the Director; Commission on Human Rights; Labor Commission; State Board of Mediation; and the Divisions of Employment Security, Workers' Compensation, Labor Standards, Crime Victims, and Legislative Affairs.

Fiscal Year 2007 Governor's Recommendations

- \$996,096 transferred from the Department of Labor and Industrial Relations' operating budget for facility management services for Department of Labor and Industrial Relations' facilities, including \$27,606 general revenue.
- \$169,825 federal and other funds reallocated from various departmental leasing budgets.
- \$47,980 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$35,088 general revenue.
- \$25,202 federal and other funds transferred from the Department of Labor and Industrial Relations' operating budget for janitorial, fuel, and utility costs.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety has 121 lease contracts totaling over 208,000 square feet of leased space statewide and approximately 61,000 square feet of space within state owned facilities for the Missouri State Highway Patrol, the Adjutant General, and the Gaming Commission. Leases include offices, warehouses, armories, hangers, parking, and land.

Fiscal Year 2007 Governor's Recommendations

- \$762,495 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$249,195 general revenue.
- \$252,268 transferred from the Department of Public Safety's operating budget for janitorial, fuel, and utility costs, including \$55,213 general revenue.
- \$40,853 federal funds reallocated from various departmental leasing budgets.
- \$27,907 other funds transferred from the Department of Public Safety's operating budget for seven leases previously paid from the Department of Public Safety's operating budget.
- (\$9,703) other funds core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF CORRECTIONS

The Department of Corrections occupies 90 leased facilities totaling over 530,000 square feet of leased space statewide and approximately 108,000 square feet of space within state owned facilities for the Office of the Director, the Board of Probation and Parole, and Missouri Vocational Enterprises.

Fiscal Year 2007 Governor's Recommendations

- \$1,007,438 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$1,005,438 general revenue.
- \$988,556 transferred from the Department of Corrections' operating budget for janitorial, fuel, and utility costs, including \$976,217 general revenue.
- \$59,631 other funds reallocated from various departmental leasing budgets.
- (\$185,780) core reduction from the Fiscal Year 2006 appropriation level.

STATEWIDE LEASING

DEPARTMENT SUMMARY (Continued)

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health occupies 49 leased contracts totaling over 133,000 square feet of leased space statewide and approximately 108,000 square feet of space within state owned facilities for the Office of the Director and the Divisions of Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation/Developmental Disabilities.

Fiscal Year 2007 Governor's Recommendations

- \$737,190 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$527,449 general revenue.
- \$226,029 transferred from the Department of Mental Health's operating budget for janitorial, fuel, and utility costs, including \$223,994 general revenue.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

The Department of Health and Senior Services has 94 lease contracts totaling over 370,000 square feet of leased space statewide and approximately 187,000 square feet of space located within state owned facilities for departmental administrative offices and local and district health offices.

Fiscal Year 2007 Governor's Recommendations

- \$1,361,065 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$473,874 general revenue.
- \$748,671 transferred from the Department of Health and Senior Services' operating budget for janitorial, fuel, and utility costs, including \$29,947 general revenue.
- \$41,691 federal funds reallocated from various departmental leasing budgets.
- \$480 federal funds transferred from the Department of Health and Senior Services' operating budget for a parking lease.
- (\$12,500) other funds core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services has 170 lease contracts totaling over 1.3 million square feet of leased space statewide and approximately 700,000 square feet of space within state owned facilities for the Divisions of Child Support Enforcement, Data Processing, Family Services, General Services, Legal Services, Medical Services, and Youth Services.

Fiscal Year 2007 Governor's Recommendations

- \$5,148,214 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$4,381,974 general revenue.
- \$2,700,947 transferred from the Department of Social Services' operating budget for janitorial, fuel, and utility costs, including \$1,718,272 general revenue.
- (\$205,606) reallocated to various departmental leasing budgets, including (\$190,680) general revenue.
- (\$74,809) core reduction from the Fiscal Year 2006 appropriation level, including (\$26,538) general revenue.

ELECTED OFFICIALS

The Legislature, Attorney General, State Auditor, and Secretary of State have 24 lease contracts statewide totaling over 118,000 square feet of leased space and the Governor, Legislature, and Elected Officials occupy approximately 680,000 square feet of space within state owned facilities.

Fiscal Year 2007 Governor's Recommendations

- \$3,982,139 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$3,636,926 general revenue.
- \$666,199 reallocated from various departmental leasing budgets, including \$333,233 general revenue.
- \$50,334 transferred from the Attorney General's operating budget for janitorial, fuel, and utility costs, including \$20,452 general revenue.
- (\$215,080) core reduction from the Fiscal Year 2006 appropriation level.

STATEWIDE LEASING

DEPARTMENT SUMMARY (Continued)

JUDICIARY

The Judiciary has seven leases totaling over 95,000 square feet in Jefferson City, St. Louis, and Springfield for the Office of State Courts Administrator and the Court of Appeals. The Judiciary also occupies approximately 47,000 square feet of space within state owned facilities.

Fiscal Year 2007 Governor's Recommendations

- \$927,665 transferred from the Office of Administration's operating budget for state office building rent and leasing administrative costs, including \$918,927 general revenue.
- \$559,258 transferred from the Office of Administration's operating budget for the St. Louis Old Post Office.
- \$189,895 transferred from the Judiciary's operating budget for janitorial, fuel, and utility costs, including \$162,262 general revenue.

LEASE/PURCHASE ST. LOUIS

In Fiscal Year 2006, the General Assembly added appropriation authority for the purpose of a real property lease and/or purchase of the building at 3101 Chouteau, St. Louis, Missouri.

Fiscal Year 2007 Governor's Recommendations

- (\$3) core reduction from the Fiscal Year 2006 appropriation level, including (\$1) general revenue.

LEASE/PURCHASE MARYVILLE

In Fiscal Year 2006, the General Assembly added appropriation authority for a lease purchase of a facility in Maryville, Missouri for a Northwest Missouri State University Plant Science Building.

Fiscal Year 2007 Governor's Recommendations

- (\$1,100,000) transferred to the Office of Administration's operating budget for debt service for the Northwest Missouri State University's Plant Sciences Building in Maryville.

OPERATING BUDGET TRANSFER

In the past, statewide leasing appropriations could only be used for rent, systems furniture, and related services for leased facilities. This transfer mechanism allowed monies to be transferred from the leasing budget to the operating budget when funds were needed in state-owned rather than leased facilities.

Fiscal Year 2007 Governor's Recommendations

- (\$3) core reduction from the Fiscal Year 2006 appropriation level, including (\$1) general revenue.

SUPPLEMENTAL APPROPRIATIONS

The Governor's recommendations for Fiscal Year 2006 Supplemental Appropriations include \$74,676,098 general revenue, \$89,037,080 federal funds, and \$56,094,916 other funds, for a total of \$219,808,094.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF SCHOOL IMPROVEMENT GRANTS TO RURAL AND LOW-INCOME SCHOOLS

H.B. Sec. 14.005	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Federal Funds	\$ 2,100,000	\$ 1,500,000	\$ 1,500,000
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The Governor recommends \$1,500,000 for federal grants to rural and low-income schools.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF SCHOOL IMPROVEMENT FOR LANGUAGE ACQUISITION PURSUANT TO TITLE III OF THE NO CHILD LEFT BEHIND ACT

H.B. Sec. 14.010	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Federal Funds	\$ 2,600,000	\$ 4,000,000	\$ 4,000,000
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The Governor recommends \$4,000,000 for grants to ensure that children attain English language proficiency.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF SPECIAL EDUCATION FIRST STEPS

H.B. Sec. 14.015	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$ 13,050,703	\$ 0	\$ 0
Federal Funds	10,506,837	2,000,000	2,000,000
Part C Early Intervention Fund	0	1,100,000	1,100,000
Early Childhood Development, Education and Care Fund	578,644	0	0
First Steps Fund	2,000,000	0	0
TOTAL	\$ 26,136,184	\$ 3,100,000	\$ 3,100,000

The Governor recommends \$3,100,000 for the First Steps Program. Original appropriation authority from the First Steps Fund cannot be used. The Part C Early Intervention Fund was created legislatively instead.

DEPARTMENT OF HIGHER EDUCATION MIDWESTERN HIGHER EDUCATION COMMISSION

H.B. Sec. 14.017	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$ 0	\$ 7,500	\$ 7,500
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The Governor recommends \$7,500 for increased Midwestern Higher Education Commission membership dues.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF REVENUE
DIVISION OF ADMINISTRATION**

H.B. Sec. 14.020	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 2,682,107	\$ 72,417	\$ 0
Health Initiatives Fund	4,733	128	0
Motor Vehicle Commission Fund	38,750	1,046	1,046
Conservation Commission Fund	1,183	0	0
Department of Revenue Information Fund	172,699	4,663	4,663
State Highways and Transportation Department Fund	1,603,074	43,282	0
TOTAL	\$ 4,502,546	\$ 121,536	\$ 5,709

The Governor recommends \$5,709 for cost increases due to new postage rates effective January, 2006.

**DEPARTMENT OF REVENUE
DIVISION OF CUSTOMER SERVICES**

H.B. Sec. 14.025	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
TRANSFER			
General Revenue Fund	\$ 0	\$ 7,000E	\$ 7,000E

The Governor recommends \$7,000 on an open-ended basis for transfer to various income tax check-off funds.

**DEPARTMENT OF REVENUE
DIVISION OF CUSTOMER SERVICES**

H.B. Sec. 14.030	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
TRANSFER			
Childhood Lead Testing Fund	\$ 0	\$ 250E	\$ 250E
Missouri Military Family Relief Fund	0	250E	250E
TOTAL	\$ 0	\$ 500	\$ 500

The Governor recommends \$500 on an open-ended basis for transfer to general revenue from various income tax check-off funds.

**DEPARTMENT OF TRANSPORTATION
DIVISION OF MAINTENANCE
MEMORIAL HIGHWAY SIGNS**

H.B. Sec. 14.035	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
Department of Transportation			
Bridge and Highway Sign Fund	\$ 0	\$ 1E	\$ 1E

The Governor recommends \$1 on an open-ended basis for refunds of application fees for the Memorial Highway Sign Program.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF TRANSPORTATION
DIVISION OF MAINTENANCE
MEMORIAL HIGHWAY SIGNS**

H.B. Sec. 14.040	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

Department of Transportation Bridge and
Highway Sign Fund

\$ 0 \$ 1E \$ 1E

The Governor recommends \$1 on an open-ended basis for the transfer of funds to the State Highways and Transportation Department Fund for memorial highway signs.

**OFFICE OF ADMINISTRATION
ADMINISTRATIVE DISBURSEMENTS
CASH FLOW LOAN TRANSFER**

H.B. Sec. 14.045	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

Other Funds

\$ 0 \$ 1E \$ 1E

The Governor recommends \$1 on an open-ended basis as a mechanism to transfer funds from other funds, in addition to the budget reserve fund, into general revenue or any other state fund for short-term loans.

**OFFICE OF ADMINISTRATION
ADMINISTRATIVE DISBURSEMENTS
CASH FLOW LOAN TRANSFER PAYBACK**

H.B. Sec. 14.050	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund

\$ 0 \$ 1E \$ 1E

The Governor recommends \$1 on an open-ended basis as a mechanism to transfer funds from general revenue for repayment of principal to any other state fund for short-term loans received from those other loans.

**OFFICE OF ADMINISTRATION
ADMINISTRATIVE DISBURSEMENTS
CASH FLOW LOAN TRANSFER PAYBACK**

H.B. Sec. 14.055	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund

\$ 0 \$ 1E \$ 1E

The Governor recommends \$1 on an open-ended basis as a mechanism to transfer funds from general revenue for repayment of interest to any other state fund for short-term loans received from those other loans.

**SUPPLEMENTAL APPROPRIATIONS
OFFICE OF ADMINISTRATION
COSTS IN CRIMINAL CASES**

H.B. Sec. 14.060	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	\$ 35,960,616	\$ 2,000,000	\$ 2,000,000
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The Governor recommends \$2,000,000 for payment to counties for the net amount of costs in criminal cases, transportation of convicted criminals to state penitentiaries, and costs for reimbursement of expenses associated with extradition pursuant to Section 600.040, RSMo.

**DEPARTMENT OF AGRICULTURE
AGENCY-WIDE**

H.B. Sec. 14.065	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$ 1,147,005	\$ 90,940	\$ 29,415
Federal Funds	3,409,815	22,578	13,542
Other Funds	6,462,838	83,607	50,144
TOTAL	\$ 11,019,658	\$ 197,125	\$ 93,101

The Governor recommends \$93,101 for motor fuel cost increases.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF BUSINESS AND COMMUNITY SERVICES
MARKETING**

H.B. Sec. 14.070	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

Economic Development Advancement Fund	\$ 0	\$ 300,000	\$ 300,000
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The Governor recommends \$300,000 for additional economic development marketing activities.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF BUSINESS AND COMMUNITY SERVICES
MISSOURI TECHNOLOGY CORPORATION/RESEARCH ALLIANCE OF MISSOURI**

H.B. Sec. 14.075	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Missouri Technology Investment Fund	\$ 0	\$ 70,000	\$ 70,000
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The Governor recommends \$70,000 for the Missouri Technology Corporation and the Research Alliance of Missouri.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF BUSINESS AND COMMUNITY SERVICES
MISSOURI TECHNOLOGY CORPORATION/RESEARCH ALLIANCE OF MISSOURI**

H.B. Sec. 14.080	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund	\$	0	\$	70,000	\$	70,000
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The Governor recommends \$70,000 for transfer to the Missouri Technology Investment Fund for the Missouri Technology Corporation and the Research Alliance of Missouri.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF BUSINESS AND COMMUNITY SERVICES
TAX INCREMENT FINANCING**

H.B. Sec. 14.085	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Missouri Supplemental Tax Increment Financing Fund	\$	2,744,257	\$	1,187,743	\$	1,187,743
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The Governor recommends \$1,187,743 for current state tax increment financing projects.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF BUSINESS AND COMMUNITY SERVICES
TAX INCREMENT FINANCING**

H.B. Sec. 14.090	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund	\$	2,744,257	\$	1,187,743	\$	1,105,415
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The Governor recommends \$1,105,415 for transfer to the Missouri Supplemental Tax Increment Financing Fund for current state tax increment financing projects.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF BUSINESS AND COMMUNITY SERVICES
DELTA REGIONAL AUTHORITY**

H.B. Sec. 14.095	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

General Revenue Fund	\$	0	\$	80,000	\$	80,000
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The Governor recommends \$80,000 to pay annual dues to the Delta Regional Authority contingent upon receipt of federal funds for program activities.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM**

H.B. Sec. 14.100	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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EXPENSE AND EQUIPMENT

Division of Tourism Supplemental
Revenue Fund

\$ 13,609,826 \$ 0 \$ 1,000,000

The Governor recommends \$1,000,000 for tourism marketing.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF TOURISM**

H.B. Sec. 14.105	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund

\$ 13,231,882 \$ 0 \$ 1,000,000

The Governor recommends \$1,000,000 for transfer to the Division of Tourism Supplemental Revenue Fund for tourism marketing.

**DEPARTMENT OF INSURANCE
DIVISION OF ADMINISTRATION**

H.B. Sec. 14.110	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Department of Insurance Dedicated Fund

\$ 0 \$ 50,000 \$ 50,000

The Governor recommends \$50,000 for distribution of a restitution payment.

**DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE DIRECTOR**

H.B. Sec. 14.115	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PERSONAL SERVICE

General Revenue Fund

\$ 986,221 \$ 0 \$ 0

Federal Funds

403,265 80,000 80,000

Crime Victims' Compensation Fund

136,240 10,000 10,000

Services to Victims Fund

12,000 10,000 10,000

TOTAL

\$ 1,537,726 \$ 100,000 \$ 100,000

The Governor recommends \$100,000 to correctly allocate expenses to federal grants.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL**

H.B. Sec. 14.120	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 213,994	\$ 88,990	\$ 14,308
Federal Funds	0	0	12,037
Gaming Commission Fund	246,329	88,990	78,125
State Highways and Transportation Department Fund	<u>2,396,431</u>	<u>738,829</u>	<u>300,726</u>
TOTAL	\$ 2,856,754	\$ 916,809	\$ 405,196

The Governor recommends \$405,196 for motor fuel cost increases.

**DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL
VEHICLE AND DRIVER SAFETY**

H.B. Sec. 14.125	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 5,000,000	\$ 5,153,876	\$ 5,003,876

The Governor recommends \$5,003,876 for costs related to motor vehicle and driver licensing.

**DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE WATER PATROL**

H.B. Sec. 14.130	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 731,023	\$ 75,000	\$ 55,000
Federal Funds	<u>1,381,004E</u>	<u>0</u>	<u>20,000</u>
TOTAL	\$ 2,112,027	\$ 75,000	\$ 75,000

The Governor recommends \$75,000 for motor fuel cost increases.

**DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
MISSOURI MILITARY FAMILY RELIEF PROGRAM**

H.B. Sec. 14.135	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT	\$ 0	\$ 5,250	\$ 5,250
PROGRAM SPECIFIC DISTRIBUTION	<u>0</u>	<u>94,750E</u>	<u>94,750E</u>
TOTAL			
Missouri Military Family Relief Fund	\$ 0	\$ 100,000	\$ 100,000

The Governor recommends \$100,000 for grants to family members of the National Guard and reservists who are called to active duty and are in financial need.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
MISSOURI MILITARY FORCES CONTRACT SERVICES**

H.B. Sec. 14.140	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE			
Federal Funds	\$ 9,882,494	\$ 925,200	\$ 925,200

The Governor recommends \$925,200 and 30 staff to maintain security at the Air National Guard Bases in St. Joseph and St. Louis.

**DEPARTMENT OF CORRECTIONS
FUEL AND UTILITIES**

H.B. Sec. 14.145	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 20,386,932	\$ 9,675,342	\$ 7,229,125
Working Capital Revolving Fund	<u>1,500,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 21,886,932	\$ 9,675,342	\$ 7,229,125

The Governor recommends \$7,229,125 for expected increases related to fuel and utilities at correctional institutions statewide.

**DEPARTMENT OF CORRECTIONS
FUEL AND UTILITIES – BOARD OF PUBLIC BUILDINGS**

H.B. Sec. 14.150	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 3,366,074	\$ 1,820,858	\$ 1,401,744

The Governor recommends \$1,401,744 for expected increases related to fuel and utilities at Board of Public Buildings controlled correctional institutions statewide.

**DEPARTMENT OF MENTAL HEALTH
AGENCY-WIDE**

H.B. Sec. 14.155	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 30,997,787	\$ 179,610	\$ 117,747
Federal Funds	<u>2,495,537</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 33,493,324	\$ 179,610	\$ 117,747

The Governor recommends \$117,747 for motor fuel cost increases.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF MENTAL HEALTH
ADULT AND CHILD TREATMENT SERVICES**

H.B. Sec. 14.160	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 173,741,374	\$ 7,087,712	\$ 7,087,712
Federal Funds	320,765,889E	7,372,343	7,372,343
Mental Health Interagency Payments Fund	2,049,857	500,000	500,000
TOTAL	\$ 496,557,120	\$ 14,960,055	\$ 14,960,055

The Governor recommends \$93,700 to the Division of Drug Abuse, \$286,066 to the Division of Comprehensive Psychiatric Services, and \$1,176,667 to the Division of Mental Retardation and Developmental Disabilities (MRDD) to cover shortfalls in funding for Medicaid services administered prior to the implementation of SB 539 (2005). Additionally, the Governor recommends \$12,903,622 to MRDD to cover funding shortfalls related to changes in community services eligibility. Finally, the Governor recommends \$500,000 to increase authority to accept payments from the Department of Social Services - Children's Division for the placement of children in the Department of Mental Health's MRDD.

**DEPARTMENT OF MENTAL HEALTH
FUEL AND UTILITIES**

H.B. Sec. 14.165	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 7,891,695	\$ 1,647,558	\$ 1,647,558

The Governor recommends \$1,647,558 for natural gas and electricity cost increases.

**DEPARTMENT OF MENTAL HEALTH
DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES
BELLEFONTAINE HABILITATION CENTER TRANSITION**

H.B. Sec. 14.170	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 3,088,571	\$ 3,088,571
EXPENSE AND EQUIPMENT	0	729,716	729,716
PROGRAM SPECIFIC DISTRIBUTION	0	1,856,378	1,856,378
TOTAL			
General Revenue Fund	\$ 0	\$ 5,674,665	\$ 5,674,665

The Governor recommends \$5,674,665 and 42.35 staff to pay for the cost to transition clients out of the Bellefontaine Habilitation Center.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF COMMUNITY AND PUBLIC HEALTH
ALTERNATIVES TO ABORTION**

H.B. Sec. 14.175	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 570,000	\$ 179,324	\$ 162,224
Federal Funds	760,000	0	0
TOTAL	\$ 1,330,000	\$ 179,324	\$ 162,224

The Governor recommends \$162,224 for the Alternatives to Abortion Program to pay carryover costs from Fiscal Year 2005 and for increased contractual costs in Fiscal Year 2006.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF SENIOR AND DISABILITY SERVICES
HOME- AND COMMUNITY-BASED SERVICES**

H.B. Sec. 14.180	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 136,927,086	\$ 2,979,761	\$ 2,979,761
Federal Funds	223,092,075	2,924,369	2,924,369
Health Initiatives Fund	159,305	0	0
TOTAL	\$ 360,178,466	\$ 5,904,130	\$ 5,904,130

The Governor recommends \$5,904,130 for the Medicaid Home- and Community-Based Program.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF GENERAL SERVICES
PRINCE HALL**

H.B. Sec. 14.185	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 0	\$ 24,683	\$ 14,206
DOSS Administrative Trust Fund	5,750,000	0	0
TOTAL	\$ 5,750,000	\$ 24,683	\$ 14,206

The Governor recommends \$14,206 for the increased cost of fuel and utilities at Prince Hall Family Support Center.

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
SUPPLEMENTAL NURSING CARE**

H.B. Sec. 14.190	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 25,464,815	\$ 342,766	\$ 342,766

The Governor recommends \$342,766 for the Supplemental Nursing Care Program.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
ADOPTION/GUARDIANSHIP SUBSIDY**

H.B. Sec. 14.195	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 43,807,440	\$ 5,708,820	\$ 5,708,820
Federal and Other Sources	21,691,189	0	0
TOTAL	\$ 65,498,629	\$ 5,708,820	\$ 5,708,820

The Governor recommends \$5,708,820 for the Adoption/Guardianship Subsidy Program.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES
TREATMENT SERVICES**

H.B. Sec. 14.200	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 1,658,068	\$ 288,494	\$ 238,752
Federal and Other Funds	7,066,848	0	0
DOSS Educational Improvement Fund	2,979,805	0	0
Health Initiatives Fund	10,126	0	0
Youth Services Products Fund	25,000E	0	0
TOTAL	\$ 11,739,847	\$ 288,494	\$ 238,752

The Governor recommends \$238,752 for the increased cost of fuel, utilities, and mileage for the Division of Youth Services.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
ADMINISTRATION**

H.B. Sec. 14.205	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
General Revenue Fund	\$ 666,402	\$ 125,000	\$ 125,000
Federal Funds	3,403,286	325,000	325,000
Pharmacy Rebates Fund	5,110	0	0
Pharmacy Reimbursement Allowance Fund	375	0	0
Health Initiatives Fund	31,385	0	0
Nursing Facility Quality of Care Fund	10,281	0	0
Third Party Liability Collections Fund	490,783	0	0
TOTAL	\$ 4,607,622	\$ 450,000	\$ 450,000

The Governor recommends \$200,000 to fund an actuarial study for expansion of managed care into the northwest region, and \$250,000 to fund consultant services for development of a Request for Proposal for the next Medicaid Management Information System.

**SUPPLEMENTAL APPROPRIATIONS
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
PHARMACY**

H.B. Sec. 14.210	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 198,393,791	\$ 6,343,989	\$ 6,343,989
Federal Funds	549,773,711	10,237,269	10,237,269
Pharmacy Rebates Fund	88,164,532E	0	0
Third Party Liability Collections Fund	5,364,715	0	0
Pharmacy Reimbursement Allowance Fund	41,150,896	0	0
Health Initiatives Fund	969,293	0	0
Healthy Families Trust Fund-Health Care Account	1,041,034	0	0
TOTAL	\$ 884,857,972	\$ 16,581,258	\$ 16,581,258

The Governor recommends \$16,581,258 to pay for Medicare Part D excluded drugs pursuant to Centers for Medicare and Medicaid Services requirement.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
MEDICAID SUPPLEMENTAL POOL**

H.B. Sec. 14.215	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	\$ 0	\$ 19,870,317	\$ 19,870,317
Federal Funds	24,107,486E	59,627,320	59,627,320
Premium Fund	3,837,940	3,800,000	3,800,000
Third Party Liability Collections Fund	7,571,156	0	0
Uncompensated Care Fund	1E	13,188,559	13,188,559
Pharmacy Rebates Fund	1E	27,525,193	27,525,193
Federal Reimbursement Allowance Fund	1E	0	0
Nursing Facility Federal Reimbursement Allowance Fund	181,500	0	0
TOTAL	\$ 35,698,085	\$ 124,011,389	\$ 124,011,389

The Governor recommends \$124,011,389 for additional anticipated costs of existing Medicaid programs.

STATE TREASURER

H.B. Sec. 14.220	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
State Treasurer's General Operations Fund	\$ 213,405	\$ 45,236	\$ 45,236
Central Check Mailing Service Revolving Fund	225,000E	0	0
Workers' Compensation - Second Injury Fund	3,280	0	0
Abandoned Fund Account	225,000	1E	1E
TOTAL	\$ 666,685	\$ 45,237	\$ 45,237

The Governor recommends \$45,236 for the Linked Deposit Program and \$1 on an open-ended basis for advertising and auctioning of unclaimed property.

**SUPPLEMENTAL APPROPRIATIONS
ATTORNEY GENERAL**

H.B. Sec. 14.225	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE			
General Revenue Fund	\$ 10,575,878	\$ 109,750	\$ 109,750
Federal Funds	1,535,812	0	0
Other Funds	3,492,885	0	0
EXPENSE AND EQUIPMENT			
General Revenue Fund	1,497,644	97,570	97,570
Federal Funds	533,059	0	0
Other Funds	3,675,196	0	0
TOTAL	\$ 21,310,474	\$ 207,320	\$ 207,320

The Governor recommends \$188,875 and 2.5 staff for the enforcement of the Master Settlement Agreement and \$18,445 and .25 staff to implement SB 539 (2005).

**JUDICIARY
CIRCUIT COURTS**

H.B. Sec. 14.230	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE			
General Revenue Fund	\$ 0	\$ 62,130	\$ 62,130

The Governor recommends \$62,130 and one staff for a statutorily mandated associate circuit judgeship in Cass County.

**JUDICIARY
CIRCUIT COURT ADMINISTRATION**

H.B. Sec. 14.235	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION			
Circuit Courts Escrow Fund	\$ 0	\$ 500,000	\$ 500,000

The Governor recommends \$500,000 for collecting delinquent court costs, fines, and other sums due to the state or political subdivisions.

**JUDICIARY
DRUG COURTS**

H.B. Sec. 14.240	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT			
Federal Funds	\$ 1,125,000	\$ 0	\$ 0
Drug Court Resources Fund	1,985,185	193,231	193,231
TOTAL	\$ 3,110,185	\$ 193,231	\$ 193,231

The Governor recommends \$193,231 for drug court operations.

SUPPLEMENTAL APPROPRIATIONS
JUDICIARY
COMMISSION ON RETIREMENT, REMOVAL AND DISCIPLINE

H.B. Sec. 14.245	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PERSONAL SERVICE

General Revenue Fund	\$ 150,494	\$ 10,000	\$ 10,000
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The Governor recommends \$10,000 for the Commission on Retirement, Removal and Discipline for the purpose of paying anticipated expenses related to the investigation of judicial misconduct.

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

H.B. Sec. 15.005	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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TRANSFER

General Revenue Fund	\$ 0	\$ 0	\$ 6,079,746
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The Governor recommends \$6,079,746 transferred to the Utilicare Stabilization Fund for the Low-Income Home Energy Assistance Program.

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

H.B. Sec. 15.010	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PROGRAM SPECIFIC DISTRIBUTION

Federal Funds	\$ 40,799,995E	\$ 0	\$ 0
Utilicare Stabilization Fund	0	0	6,079,746E
TOTAL	\$ 40,799,995	\$ 0	\$ 6,079,746

The Governor recommends \$6,079,746 on an open-ended basis for the Low-Income Home Energy Assistance Program.

CAPITAL IMPROVEMENTS

Missouri uses a biennial appropriations process for capital improvements. During the second year of the biennium, funding is provided for critical projects unforeseen at the time of the adoption of the biennial budget, projects required by legislation passed in the first year of the biennium, and projects using one-time resources that become available for major, one-time improvements to the state's infrastructure. Governor Blunt recommends \$15.8 million in funding for various projects statewide, including funding for a new state health lab, a veterans cemetery in Fort Leonard Wood, expansion of the Missouri Sexual Offender Treatment Center, and capital improvement projects for port authorities.

Fort Leonard Wood Veterans Cemetery

The Fort Leonard Wood area has an identified need for a veterans cemetery. A federal grant will provide a majority of the funding necessary to complete the project. The Missouri Veterans Commission will receive 227 acres located close to the Fort Leonard Wood military base on which to locate the cemetery.

- \$8,550,000 federal and other funds for a veterans cemetery in Fort Leonard Wood.

State Health Lab

In Fiscal Year 2004, \$30,000,000 was appropriated for construction of a new state health laboratory. Construction continued after the original biennial appropriation period. In order for the project to be completed, authority is needed to expend the remaining funds allocated to the project.

- \$2,470,891 Board of Public Buildings Bond Proceeds Fund for completion of the new state health laboratory.

Southeast Missouri Mental Health Center Renovation of Wards

The population of the Missouri Sexual Offender Treatment Center has continued to grow at a rate of 17 beds per year. Renovation of the existing structure is necessary to provide capacity through Fiscal Year 2010.

- \$1,967,203 to provide two additional 17-bed wards for the Missouri Sexual Offender Treatment Center.

Port Capital Improvement Funding

Port Authorities throughout the state have developed a five-year capital improvement plan. State assistance, administered by the Department of Transportation, is provided to port authorities on a matching basis to develop infrastructure and carry out their statutory responsibilities.

- \$1,000,000 for port authority capital improvement projects.

Fuel Spill Remediation at Fulton State Hospital

A fuel spill was discovered at the Fulton State Hospital. Remediation is necessary to protect the environment and contain the hazardous substance to the area.

- \$503,519 for remediation of a fuel spill at the Fulton State Hospital.

Missouri State Penitentiary Redevelopment

The Missouri State Penitentiary Redevelopment Commission was created in 1999 to begin planning for development of the Missouri State Penitentiary site, which was no longer needed as a correctional facility due to the construction of the new Jefferson City Correctional Center. A master plan has been developed, along with a market feasibility plan. Continued, orderly planning for the redevelopment provides the most benefits to Missouri citizens.

- \$500,000 for surveying, subdividing, and platting of the redevelopment site.

PaHeTsi Development at Lake Ozark State Park

The Missouri Division of State Parks will be receiving a six-year settlement to address issues at the Lake of the Ozarks. The funds will be used for improvements to the boat launch area of Lake Ozark State Park and to address erosion control measures on state park property on the lake.

- \$350,000 State Parks Earnings Fund to develop a new law enforcement center in the Grand Glaize PaHeTsi area of the Lake Ozark State Park.

CAPITAL IMPROVEMENTS (Continued)

Statewide Appraisals and Surveys

At any given time, various state facilities are being considered for purchase or sale. The Office of Administration must conduct surveys and appraisals of the property to assess the condition of the building, the estimated cost of any repairs that may be needed, and the value of the property before a real estate transaction can be finalized.

- \$250,000 for appraisals and surveys.

Hazardous Material Assessment at Bellefontaine Habilitation Center

As part of a state plan, the Bellefontaine Habilitation Center is scheduled to close after clients have been transitioned to alternate housing arrangements. Upon closure of the facility, the state must assess the site for potential areas of hazardous materials contamination before determining a plan for remediation.

- \$150,000 for assessment and abatement of hazardous materials at the Bellefontaine Habilitation Center.

Mississippi Valley State School for the Severely Handicapped

The St. Louis Cardinals have offered to donate money to the Mississippi Valley State School for the Severely Handicapped in Hannibal for improvements to the playground equipment.

- \$45,000 Handicapped Children's Trust Fund for playground improvements.

FISCAL YEAR 2007 CAPITAL IMPROVEMENTS SUMMARY

	General Revenue	Federal Funds	Other Funds	Total
Department of Elementary and Secondary Education				
Playground Improvements	\$ 0	0	\$ 45,000	\$ 45,000
Department of Transportation				
Port Authority Capital Improvements	1,000,000	0	0	1,000,000
Office of Administration				
State Health Lab			2,470,891	2,470,891
Statewide Appraisals and Surveys	250,000	0	0	250,000
Missouri State Penitentiary Redevelopment	500,000	0	0	500,000
Department of Natural Resources				
PaHeTsi Development at Lake Ozark State Park	0	0	350,000	350,000
Department of Public Safety				
Fort Leonard Wood Veterans Cemetery	0	8,000,000	550,000	8,550,000
Department of Mental Health				
Fuel Spill Remediation at Fulton State Hospital	503,519	0	0	503,519
Southeast Missouri Mental Health Center Renovation of Wards	1,967,203	0	0	1,967,203
Hazardous Material Assessment at Bellefontaine Habilitation Center	150,000	0	0	150,000
Total	\$ 4,370,722	\$ 8,000,000	\$ 3,415,891	\$ 15,786,613